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ANNUAL REPORT

BAIRD EUROPE B.V.

ZOETERWOUDE, THE NETHERLANDS

YEAR ENDED DECEMBER 31, 1992



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SUPERVISORY DIRECTOR'S REPORT

The Managing Directors have pleasure in presenting their report.

The Company serves as Baird Corporation's operating subsidiary for the European, East-Block, African and Middle East markets. Its primary operations are the sales and service of Baird's proprietary Optical Emission Spectrometers in these territories.

Marketing

During 1993, the Company made a significant investment to extend its marketing and sales reach into countries such as Germany, Spain, U.K., and Russia. The Company was also able to release several products for shipment which had previously been on hold for technical reasons, resulting in sales for 1993 being 30% above the order level.

Research and Development

The Company ceased all research and development activities with the exception of some assistance to the parent company in the development and maintenance of various spectrometer operating software.

1993 results and 1994 outlook

The 1993 result has closed with a loss of NLG 1,751,656 which is mainly caused by a market which continues to be depressed.

In addition, marketing and sales investments have been made in order to safeguard and expand the Company's future market position.

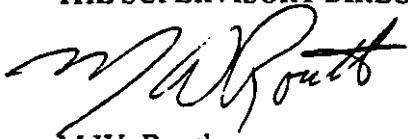
1994 is expected to show a modest increase in sales volume despite anticipated severe price erosion in all markets served by Baird Europe B.V. Management is hopeful that the marketing and sales investments previously made will expand Baird Europe B.V.'s market position even in the face of stiff competition and falling prices.

Baird was until January 1, 1995 owned by IMO Industries Inc. ('IMO') after which, following IMO's decision to divest its Electro-Optical Systems operations, it has been sold to Thermo Jarrell Ash Corporation, a division of Thermo Instrument Systems, which is a publicly owned subsidiary of Thermo Electron Corporation. Thermo Jarrell Ash Corporation is presently reviewing how the Baird group operations and the financing thereof, will be structured for the future.

It has in this context been decided that Baird Europe BV's operations will be continued in the offices of Thermo Jarrell Ash's Dutch subsidiary. Baird Europe's building has been transferred to the Company's previous (ultimate) shareholder at book value. In addition, approval has been requested to reduce the number of personnel.

Zoeterwoude, January 2, 1995

THE SUPERVISORY DIRECTOR

A handwritten signature in black ink, appearing to read 'M.W. Routh', written in a cursive style.

M.W. Routh

CONSOLIDATED BALANCE SHEET

(after proposed appropriation of result)

December 31, 1992

(expressed in Dutch guilders)

	1992	1991
A s s e t s		
Fixed assets		
Intangible fixed asset	-	3,701,953
Tangible fixed assets	1,048,816	1,033,775
Financial fixed asset	-	96,744
	<u>1,048,816</u>	<u>4,832,472</u>
Current assets		
Inventories	1,430,967	1,842,281
Accounts receivable	3,390,862	5,149,877
Prepayments	290,003	61,265
Cash and banks	230,590	775,063
	<u>5,342,422</u>	<u>7,828,486</u>
	<u><u>6,391,238</u></u>	<u><u>12,660,958</u></u>
S h a r e h o l d e r ' s E q u i t y a n d L i a b i l i t i e s		
Shareholder's equity		
Issued and paid-up capital	1,000,000	1,000,000
Share premium	1,787,500	1,787,500
Additional paid-in capital	-	13,162,500
Accumulated losses	(1,080,993)	(9,392,349)
	<u>1,706,507</u>	<u>6,557,651</u>
WIR equalisation account	154,248	277,646
Long-term liabilities	976,875	1,001,875
Current liabilities	<u>3,553,608</u>	<u>4,823,786</u>
	<u><u>6,391,238</u></u>	<u><u>12,660,958</u></u>

See accompanying notes

CONSOLIDATED PROFIT & LOSS ACCOUNT
Year ended December 31, 1992

(expressed in Dutch guilders)

	1992	1991
Gross margin	5,130,743	4,253,822
Selling expenses	4,130,539	3,694,170
General and administrative expenses	5,584,354	2,067,730
Total operating expenses	9,714,893	5,761,900
Operating loss	4,584,150	1,508,078
Interest expenses	206,331	217,256
Exchange (gain)/loss	60,663	(23,431)
Total financial income and expenses	266,994	193,825
Net result before and after taxation	(4,851,144)	(1,701,903)

See accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 1992

GENERAL

Baird Europe B.V. ('the Company') is a private limited liability company whose immediate parent company is Baird Corporation Inc., U.S.A. The Baird group was until January 1, 1995 owned by IMO Industries Inc. ('IMO') after which, following IMO's decision to divest its Electro-Optical Systems operations, it has been sold to Thermo Electron Corporation ('Thermo Electron'). Thermo Electron is presently reviewing how Baird's operations and the financing thereof, will be structured for the future.

The main activities of the Company comprise the sale and service of optical emission spectrometers. The Company has branches in Germany and Spain as well as a subsidiary in France.

Based on Book 2, Title 9, Article 402, of the Dutch Civil Code, the profit and loss account of the Company, presented on page 12, presents only the income from financial fixed assets and other income and expenses.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements include the financial statements of the Company and of its wholly-owned subsidiary, Baird France S.A.R.L. (Reference should be made to the notes to the Company financial statements for further details of this subsidiary.)

Translation of foreign currencies

Transactions denominated in foreign currencies are translated into Dutch guilders at the rate of exchange ruling at the date of transaction. Assets and liabilities denominated in foreign currencies are translated into Dutch guilders at the rate of exchange ruling at the balance sheet date. Exchange differences resulting from these translation adjustments are recognised in the profit and loss account.

Recognition of income and expenses

Income and expenses are recognized in accordance with the accruals concept.

Assets and liabilities

Unless indicated otherwise, assets and liabilities are stated at nominal value.

Tangible fixed assets

Tangible fixed assets are valued at historical cost less accumulated depreciation.

Depreciation is based upon the estimated useful lives of the assets, applying the straight-line method. The principal rates of depreciation are the following:

Building and building improvement	2.5%
Machinery & laboratory equipment	20%
Other:	20-33.3%
• cars	
• office equipment	20%
• software	33.3%.

Financial fixed asset

The financial fixed asset is stated at its net asset value.

Inventories

The spare parts inventory is valued at the lower of cost, on a first-in, first-out ('FIFO') basis, and market.

The valuation of work-in-process consists mainly of the cost of the underlying equipment. It further includes some attributable labour costs, as well as overheads.

Finished goods are valued at cost including, if applicable, attributable labour costs and overheads.

A provision is made for obsolete or slow-moving items, which amount is deducted from the cost (or market) value of inventories.

WIR equalisation account

The investment premiums received as a result of the 'Wet Investeringsrekening' ('WIR') have been deferred and are being amortized over the estimated useful life of the related assets.

INTANGIBLE FIXED ASSET

	1992	1991
	NLG	NLG
Balance at January 1,	3,701,953	5,347,267
Amortization	3,701,953	1,645,314
Balance at December 31,	<u>-</u>	<u>3,701,953</u>

The intangible fixed asset relates to a transfer of technical know-how in 1986 from Baird Corporation Inc. to Baird Europe B.V. amounting to NLG 13,162,500. The know-how was to be amortised in the eight years starting in 1986. However, the balance remaining has been fully amortised in 1992 as commercial exploitation is no longer foreseen.

TANGIBLE FIXED ASSETS

	Land	Building and building improvement	Other fixed assets	Total
	NLG	NLG	NLG	NLG
Cost				
January 1, 1992	150,500	987,697	780,339	1,918,536
Additions	-	6,192	120,426	126,618
Disposals	-	-	(1,838)	(1,838)
December 31, 1992	<u>150,500</u>	<u>993,889</u>	<u>898,927</u>	<u>2,043,316</u>
Accumulated depreciation				
January 1, 1992	-	326,534	558,227	884,761
Disposals	-	-	(474)	(474)
Depreciation	-	30,603	79,610	110,213
December 31, 1992	<u>-</u>	<u>357,137</u>	<u>637,363</u>	<u>994,500</u>
Net book value				
December 31, 1992	<u>150,500</u>	<u>636,752</u>	<u>261,564</u>	<u>1,048,816</u>
December 31, 1991	<u>150,500</u>	<u>661,163</u>	<u>222,112</u>	<u>1,033,775</u>

FINANCIAL FIXED ASSET

The financial fixed asset represents a 48.6% participation in a Russian joint venture named Baird-Lomo JV. The net book value of the investment in this joint venture has been reduced to nil in 1992, as the joint-venture has virtually no assets nor activities. The joint-venture partners have subsequently decided to liquidate Baird-Lomo.

INVENTORIES

	1992	1991
	NLG	NLG
Spare parts	809,482	847,158
Work-in-process	283,738	433,251
Finished goods	337,747	561,872
	<u>1,430,967</u>	<u>1,842,281</u>

ACCOUNTS RECEIVABLE

	1992	1991
	NLG	NLG
Trade receivables	3,124,325	4,395,558
Affiliated companies	129,036	404,028
Other receivables	137,501	350,291
	<u>3,390,862</u>	<u>5,149,877</u>

SHAREHOLDER'S EQUITY

The authorised share capital, comprising 2,000 ordinary shares with a nominal value of NLG 500 each, amounts to NLG 1,000,000. The movements within shareholder's equity are as follows:

	<u>1992</u>	<u>1991</u>
	NLG	NLG
Share capital, issued and fully paid:		
Balance at December 31,	<u>1,000,000</u>	<u>1,000,000</u>
Share premium:		
Balance at December 31,	<u>1,787,500</u>	<u>1,787,500</u>
Additional paid-in capital:		
Balance at January 1,	13,162,500	13,162,500
Transfer to accumulated losses	(13,162,500)	-
Balance at December 31,	<u>-</u>	<u>13,162,500</u>
Accumulated losses:		
Balance at January 1,	(9,392,349)	(7,690,446)
Loss for the year	(4,851,144)	(1,701,903)
Transfer from additional paid-in capital	13,162,500	-
Balance at December 31,	<u>(1,080,993)</u>	<u>(9,392,349)</u>

LONG-TERM LIABILITIES

	<u>1992</u>	<u>1991</u>
	NLG	NLG
Refundable WIR (investment grant)	658,125	658,125
Mortgage loan from bank	318,750	343,750
	<u>976,875</u>	<u>1,001,875</u>

Refundable WIR relates to WIR received on the acquisition of the technical know-how (see page 6, intangible fixed asset). It had been agreed with the Tax Inspectorate, that, in case the accumulated (commercial) profits for the years 1985-1993 would fall below a certain level, a part of the WIR should be repaid. As repayment is likely, this part has been provided.

The mortgage loan (8.5% interest) is due after five years.

EMPLOYEE DATA

During the year ended December 31, 1992, the average number of staff employed (including temporary staff, converted to full-time equivalents) was 30 (1991: 38).

Wages, salaries, bonuses and social security charges have been charged before determining gross margin in the case of production staff and have been allocated to either selling expenses or to general and administrative expenses for the remainder of the staff.

Total payroll costs for 1992, including social security charges, amount to NLG 3,032,416 (1991: NLG 2,852,959). Only one Managing Director received remuneration in 1992. In accordance with article 383, sub 1 of the Dutch Civil Code, the amount of this remuneration is not disclosed.

The payroll costs can be specified as follows:

	1992	1991
	NLG	NLG
Wages and salaries	2,751,599	2,564,061
Pension cost	115,220	123,169
Social securities	165,597	165,729
	<u>3,032,416</u>	<u>2,852,959</u>

CONTINGENT LIABILITIES

As of December 31, 1992, bank guarantees to third parties of NLG 1,241,065 were outstanding.

SALES

Sales for the year 1992 increased by 11% compared with the previous year.

RELATED PARTY TRANSACTIONS

The Company purchases most of the equipment which it sells from other Baird group companies.

An amount of approximately NLG 1,850,000, representing recharges for services rendered to Baird Corporation Inc., was included in the 1991 profit and loss account. In 1992 no such recharges have taken place.

The Company has bank credit facilities amounting to NLG 4,500,000 as at December 31, 1992. The following assets have been pledged as security for the bank's mortgage loan and credit facilities:

- land and buildings are encumbered with a first mortgage to a maximum value of NLG 700,000;
- stocks and receivables are subject to a first pledge-right.

The Company is presently discussing with its bank the terms and conditions for a renewal of its credit facilities.

CURRENT LIABILITIES

	1992	1991
	NLG	NLG
Current portion of mortgage loan	25,000	25,000
Bank overdraft	—	2,500,000
Accounts payable - trade	690,646	872,035
Due to affiliated companies	937,828	4,594
Taxes and social securities	189,296	91,838
Other payables	431,829	253,513
Accrued expenses	1,279,009	1,076,806
	<u>3,553,608</u>	<u>4,823,786</u>

TAXATION

Owing to the loss incurred for the year and the availability of tax losses brought forward, no income tax charge is included in the profit and loss account and no income tax is payable as at December 31, 1992.

The amount of carry-forward losses as at December 31, 1992 is approximately NLG 2 mln, of which NLG 1.2 mln expires on December 31, 1994.

The Tax Inspector has, as a result of a recent state audit, adjusted the Company's tax returns for the years 1988 and 1989 for an amount of some NLG 6.5 mln. The Company is presently appealing against these adjustments. Management is confident that the outcome of these disputes will not lead to any significant adjustment with regard to the Company's tax position. Consequently, no provision has been made for these additional assessments.

COMPANY BALANCE SHEET

(after proposed appropriation of result)

December 31, 1992

(expressed in Dutch guilders)

	1992	1991
A s s e t s		
Fixed assets		
Intangible fixed asset	-	3,701,953
Tangible fixed assets	1,013,580	1,006,723
Financial fixed assets	-	96,744
	<u>1,013,580</u>	<u>4,805,420</u>
Current assets		
Inventories	1,430,967	1,841,177
Accounts receivable	3,968,227	5,580,833
Prepayments	288,824	60,138
Cash and banks	90,705	553,304
	<u>5,778,723</u>	<u>8,035,452</u>
	<u><u>6,792,303</u></u>	<u><u>12,840,872</u></u>
Shareholder's Equity and Liabilities		
Shareholder's equity		
Issued and paid-up capital	1,000,000	1,000,000
Share premium	1,787,500	1,787,500
Additional paid-in capital	-	13,162,500
Accumulated losses	(1,080,993)	(9,392,349)
	<u>1,706,507</u>	<u>6,557,651</u>
WIR equalisation account	154,248	277,646
Provision on investment	539,052	347,973
Long-term liabilities	976,875	1,001,875
Current liabilities	<u>3,415,621</u>	<u>4,655,727</u>
	<u><u>6,792,303</u></u>	<u><u>12,840,872</u></u>

See accompanying notes

COMPANY PROFIT & LOSS ACCOUNT
Year ended December 31, 1992

(expressed in Dutch guilders)

	<u>1992</u>	<u>1991</u>
	NLG	NLG
Net loss from financial fixed assets	(191,079)	(115,427)
Other income/(losses)	(4,660,065)	(1,586,476)
	<u>(4,851,144)</u>	<u>(1,701,903)</u>

See accompanying notes

NOTES TO THE COMPANY FINANCIAL STATEMENTS

December 31, 1992

GENERAL

Unless stated otherwise, the notes to the consolidated financial statements also apply to the Company financial statements of Baird Europe B.V.

TANGIBLE FIXED ASSETS

	Land	Building and building improvement	Other fixed assets	Total
	NLG	NLG	NLG	NLG
Cost				
January 1, 1992	150,500	987,697	760,930	1,899,127
Additions	-	6,192	98,864	105,056
Disposals	-	-	(1,838)	(1,838)
December 31, 1992	<u>150,500</u>	<u>993,889</u>	<u>857,956</u>	<u>2,002,345</u>
Accumulated depreciation				
January 1, 1992	-	326,534	565,870	892,404
Disposals	-	-	(474)	(474)
Depreciation	-	30,603	66,232	96,835
December 31, 1992	<u>-</u>	<u>357,137</u>	<u>631,628</u>	<u>988,765</u>
Net book value				
December 31, 1992	<u>150,500</u>	<u>636,752</u>	<u>226,328</u>	<u>1,013,580</u>
December 31, 1991	<u>150,500</u>	<u>661,163</u>	<u>195,060</u>	<u>1,006,723</u>

FINANCIAL FIXED ASSETS

The financial fixed assets represent:

- the 48.6% participation in Baird-Lomo JV;
- the 100% participation in Baird France S.A.R.L., Paris. A provision is set up in the Company financial statements, owing to the negative net asset value of the investment in Baird France.

INVENTORIES

	1992	1991
	NLG	NLG
Spare parts	809,482	846,054
Work-in-process	283,738	433,251
Finished goods	337,747	561,872
	<u>1,430,967</u>	<u>1,841,177</u>

ACCOUNTS RECEIVABLE

	1992	1991
	NLG	NLG
Trade receivables	2,788,708	3,929,858
Affiliated companies	1,095,319	1,370,968
Other receivables	84,200	280,007
	<u>3,968,227</u>	<u>5,580,833</u>

PROVISION ON INVESTMENT

The provision on investment relates to the negative net asset value of Baird France S.A.R.L., Paris.
The movement in the provision on this investment is as follows:

	1992	1991
	NLG	NLG
Balance at January 1,	347,973	232,546
Investment's result for the year	191,079	115,427
Balance at December 31,	<u>539,052</u>	<u>347,973</u>

CURRENT LIABILITIES

	1992	1991
	NLG	NLG
Current portion of mortgage loan	25,000	25,000
Bank overdraft	—	2,500,000
Accounts payable - trade	640,301	833,862
Due to affiliated companies	937,828	4,594
Taxes and social securities	189,296	91,838
Other payables	400,221	230,735
Accrued expenses	1,222,975	969,698
	<u>3,415,621</u>	<u>4,655,727</u>

EMPLOYEE DATA

During the year ended December 31, 1992 the average number of staff employed by the Company (including temporary staff, converted to full-time equivalents) was 28 (1991: 36).

Total payroll costs for 1992, including social security charges, amount to NLG 2,871,275 (1991: NLG 2,782,147)

The payroll costs can be specified as follows:

	1992	1991
	NLG	NLG
Wages and salaries	2,634,746	2,528,655
Pension cost	115,220	123,169
Social securities	121,309	130,323
	<u>2,871,275</u>	<u>2,782,147</u>

January 2, 1995

THE SUPERVISORY DIRECTOR

M.W. Routh

REPORT OF THE AUDITORS

We have audited the financial statements of Baird Europe B.V., Zoeterwoude, for the year ended December 31, 1992. We have conducted our audit in accordance with auditing standards generally accepted in the Netherlands.

In our opinion, these financial statements give a true and fair view of the financial position of Baird Europe B.V. at December 31, 1992 and of the result for the year then ended and also comply with the other Dutch legal requirements for financial statements.

As indicated in the General note on page 5, the Company's new ultimate shareholder, Thermo Electron Corporation, is presently reviewing how the Baird group operations and related financing will be structured for the future.



January 2, 1995

Moret Ernst & Young Accountants

APPROPRIATION OF NET RESULT

Subject to the provision under Dutch law that no dividends can be declared until all accumulated losses have been recovered, profits are at the disposal of the General Meeting of Shareholders in accordance with the Company's Articles of Association. The supervisory director accordingly proposes that the loss for the year be carried forward in the accumulated losses and further propose that the additional paid-in capital be off-set against these accumulated losses.

SUBSEQUENT EVENTS

Baird was until January 1, 1995 owned by IMO Industries Inc. ('IMO') after which, following IMO's decision to divest its Electro-Optical Systems operations, it has been sold to Thermo Jarrell Ash Corporation, a division of Thermo Instrument Systems, which is a publicly owned subsidiary of Thermo Electron Corporation. Thermo Jarrellash Corporation is presently reviewing how the Baird group operations and the financing thereof, will be structured for the future.

It has in this context been decided that Baird Europe BV's operations will be continued in the offices of Thermo Electron's Dutch subsidiary. Baird Europe's building has been transferred to the Company's previous (ultimate) shareholder at book value. In addition, approval has been requested to reduce the number of personnel.

