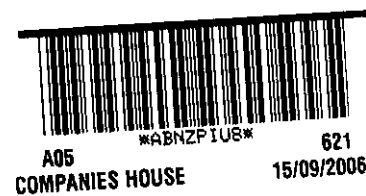


**Company Registration No. 1908750**

**PEGASUS LIMITED**

**Report and Financial Statements**

**31 December 2004**



**REPORT AND FINANCIAL STATEMENTS 2004**

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# **Pegasus Limited**

## **REPORT AND FINANCIAL STATEMENTS 2004**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

J M Malmquist  
U A Grunander  
N A Bracey

#### **SECRETARY**

A Scott-Green

#### **REGISTERED OFFICE**

Pegasus House  
Waterberry Drive  
Waterlooville  
Hampshire  
PO7 7XX

#### **BANKERS**

Barclays Bank  
18 Southgate Street  
Gloucester  
GL1 2DJ

#### **SOLICITORS**

Blake Lapthorn  
Harbour Court  
Compass Road  
North Harbour  
Portsmouth  
Hampshire  
PO6 4ST

#### **AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
Birmingham

## **DIRECTORS' REPORT**

The directors present their annual report on the affairs of the company and the audited financial statements for the year ended 31 December 2004.

### **PRINCIPAL ACTIVITY AND BUSINESS REVIEW**

The company trades as manufacturers of medical and nursing care equipment. The directors are satisfied with the result for the year and with the outlook for the future.

The research and development activities of the company continue to be directed principally towards the development of new products and improving the performance and effectiveness of existing products.

### **RESULTS AND DIVIDENDS**

The results for the year are set out on page 5.

The directors recommend a final dividend of £nil (2003: £nil). An interim dividend of £13,500,000 (2003: £nil) was paid during the year.

### **DIRECTORS AND THEIR INTERESTS**

The directors who served during the year and subsequently were:

J M Malmquist

U A Grunander

N A Bracey

R F Lock (resigned 18 February 2004)

The directors had no interests required to be disclosed under Schedule 7 of the Companies Act 1985.

### **DIRECTORS' INDEMNITIES**

The ultimate parent company has made qualifying third party indemnity provisions for the benefit of the company's directors which were made in 2005 and remain in force at the date of this report.

### **AUDITORS**

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



A. Scott-Green

Secretary

13th September 2006

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PEGASUS LIMITED**

We have audited the financial statements of Pegasus Limited for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
Birmingham

*14 September 2006*

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2004**

	<b>Note</b>	<b>2004</b> <b>£ 000</b>	<b>2003</b> <b>£ 000</b>
<b>TURNOVER</b>	3	21,634	17,470
Cost of sales		(10,232)	(6,648)
<b>GROSS PROFIT</b>		11,402	10,822
Distribution costs		(7,758)	(7,958)
Administrative expenses		(990)	(1,206)
<b>OPERATING PROFIT</b>		2,654	1,658
Interest receivable and similar income	4	454	363
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	3,108	2,021
Tax on profit on ordinary activities	5	(611)	(660)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		2,497	1,361
Dividends	6	(13,500)	-
<b>RETAINED (LOSS)/PROFIT FOR THE YEAR</b>	17	(11,003)	1,361

Turnover and operating profit derive entirely from continuing operations.

There are no recognised gains or losses in either year other than those reported in the profit and loss account above and accordingly no statement of total recognised gains and losses is presented.

**BALANCE SHEET**  
**31 December 2004**

	Note	2004 £ 000	2003 £ 000
<b>FIXED ASSETS</b>			
Intangible assets	7	236	244
Tangible assets	8	2,078	1,693
Investments	9	317	317
		<u>2,631</u>	<u>2,254</u>
<b>CURRENT ASSETS</b>			
Stocks	10	2,042	1,917
Debtors	11	5,275	3,810
Cash at bank and in hand		3,075	14,916
		<u>10,392</u>	<u>20,643</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(4,137)</u>	<u>(3,086)</u>
<b>NET CURRENT ASSETS</b>		<u>6,255</u>	<u>17,557</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>8,886</u>	<u>19,811</u>
<b>CREDITORS: amounts falling due after more than one year</b>	13	<u>(497)</u>	<u>(419)</u>
<b>NET ASSETS</b>		<u>8,389</u>	<u>19,392</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	16	2,803	2,803
Share premium account		67	67
Profit and loss account	17	5,519	16,522
<b>EQUITY SHAREHOLDERS' FUNDS</b>	18	<u>8,389</u>	<u>19,392</u>

These financial statements were approved by the Board of Directors on 13<sup>th</sup> September 2006

Signed on behalf of the Board of Directors



N A Bracey

Director



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2004**

**1. ACCOUNTING POLICIES**

A summary of the principal accounting policies is set out below.

**Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

In accordance with Section 228(2) of the Companies Act 1985, group financial statements have not been prepared because the company is a wholly owned subsidiary of Getinge AB which prepares consolidated financial statements which are publicly available. The company is also, on this basis, exempt from the requirement of FRS 1 to present a cash flow statement.

**Turnover**

Turnover comprises the net amount receivable, excluding value added tax, from the sale and rental of medical and nursing care products. It also includes service income and the proceeds from the sale of warranties. Warranties are granted for up to three years and the income element is released to the profit and loss account evenly over the life of the warranty. Income received in advance is included in deferred income.

**Intangible assets**

Licences are included at cost. Amortisation is in equal annual instalments over a period of 4 years to write off the cost less their estimated residual value. Provision is made for any impairment. Residual value is the remaining value receivable from a third party.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation and any provision for impairment.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, on a straight-line basis over their expected useful lives, as follows:

Cairwave and other beds	20% - 33.33%
Motor vehicles	25% - 33.33%
Machinery	20%
Office equipment	20% - 33.33%

Residual value is calculated on prices prevailing at the date of acquisition.

**Fixed asset investments**

Fixed asset investments are stated at cost less provision for impairment.

**Finance leases**

Assets obtained under finance leases and similar contracts are capitalised as tangible fixed assets and depreciated on a straight-line basis over their estimated useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the contracts to produce a constant rate of charge on the balance of capital repayments outstanding.

**Operating leases**

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are credited or charged to the profit and loss account on a straight-line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2004**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Stocks**

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate proportion of manufacturing overheads. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

**Research and development**

Expenditure on research and development is written off to the profit and loss account in the period in which it is incurred.

**Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the balance sheet date or, where appropriate, the contracted rate. Transactions in foreign currencies are translated into Sterling at the rate ruling on the date of the transaction or, where appropriate, at the contracted rate. All exchange differences are included in the profit and loss account.

**Taxation**

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

The taxation assets and liabilities of the company may be reduced wholly or in part by the surrender of losses to or from fellow group undertakings. The tax benefits arising from the group relief are recognised in the financial statements of the surrendering or recipient companies, as appropriate.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Pensions**

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable. Any differences between contributions payable and those actually paid are shown as either accruals or prepayments.

**Buybacks**

A number of the company's sales agreements are sold via leasing arrangements and contain "buy-back" arrangements that may be exercised at the option of the customer within specified periods in the future. The company recognises the full value of the potential liability immediately with an equivalent stock balance. The stock balance is re-assessed on an on-going basis and the value is impaired where indications are that the market value of the item will be lower than the agreed buyback price.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2004**

**2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Profit on ordinary activities before taxation is stated after charging/(crediting):

	<b>2004</b>	<b>2003</b>
	<b>£ 000</b>	<b>£ 000</b>
Depreciation of tangible fixed assets		
- Owned	577	599
Amortisation of intangible fixed assets	8	31
Loss/(profit) on sale of fixed assets	2	(7)
Operating lease rentals		
- plant and machinery	57	60
- other	973	964
Auditors' remuneration		
- audit fees	10	7
- non audit fees	24	11
Research and development	520	516
Operating lease rentals receivable	(4,787)	(5,652)
Loss/(gain) on foreign exchange (net)	25	(288)
	<u>          </u>	<u>          </u>

**3. TURNOVER**

The turnover is derived from one class of business. No analysis of geographical markets is provided because, in the opinion of the directors, such an analysis would be seriously prejudicial to the interests of the company.

**4. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2004</b>	<b>2003</b>
	<b>£ 000</b>	<b>£ 000</b>
Other interest receivable and similar income	454	363
	<u>          </u>	<u>          </u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2004**

**5. TAX ON PROFIT ON ORDINARY ACTIVITIES**

The tax charge comprises:

	<b>2004</b> <b>£ 000</b>	<b>2003</b> <b>£ 000</b>
Current tax	896	646
Adjustments in respect of prior years		
- UK corporation tax	(380)	19
Total current tax	<u>516</u>	<u>665</u>
Deferred tax		
- origination and reversal of timing differences	53	(5)
Adjustments in respect of prior years		
- origination and reversal of timing differences	42	-
Total deferred tax	<u>95</u>	<u>(5)</u>
Total tax on profit on ordinary activities	<u>611</u>	<u>660</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	<b>2004</b> <b>£ 000</b>	<b>2003</b> <b>£ 000</b>
Profit on ordinary activities before tax	<u>3,108</u>	<u>2,021</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2003: 30%).	932	606
Effects of:		
Expenses not deductible for tax purposes	17	28
Capital allowances in excess of depreciation	(53)	(9)
Movement in short term timing differences	-	21
Prior period adjustments	(380)	19
Current period tax charge	<u>516</u>	<u>665</u>

**6. DIVIDENDS**

	<b>2004</b> <b>£ 000</b>	<b>2003</b> <b>£ 000</b>
Dividend paid, £4.82 per ordinary share	<u>13,500</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2004**

**7. INTANGIBLE FIXED ASSETS**

	<b>Licences £ 000</b>
<b>Cost</b>	
At 1 January 2004 and 31 December 2004	305
<b>Amortisation</b>	
At 1 January 2004	61
Charge for the year	8
At 31 December 2004	69
<b>Net book value</b>	
At 31 December 2004	236
At 31 December 2003	244

**8. TANGIBLE FIXED ASSETS**

	<b>Cairwave and other beds £ 000</b>	<b>Motor vehicles £ 000</b>	<b>Machinery and office equipment £ 000</b>	<b>Total £ 000</b>
<b>Cost</b>				
At 1 January 2004	6,814	31	2,233	9,078
Additions	875	1	164	1,040
Disposals	(217)	-	(87)	(304)
At 31 December 2004	7,472	32	2,310	9,814
<b>Depreciation</b>				
At 1 January 2004	5,266	28	2,091	7,385
Charge for the year	516	-	61	577
Disposals	(139)	-	(87)	(226)
At 31 December 2004	5,643	28	2,065	7,736
<b>Net book value</b>				
At 31 December 2004	1,829	4	245	2,078
At 31 December 2003	1,548	3	142	1,693

Cairwave and other beds represent assets held for use in operating leases.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2004**

**9. FIXED ASSET INVESTMENTS**

Subsidiary undertakings

	<b>£ 000</b>
<b>Cost</b>	
At 1 January 2003 and 31 December 2004	2,803
<b>Amounts written off</b>	
At 1 January 2003 and 31 December 2004	2,486
<b>Net book value</b>	
At 31 December 2003 at 31 December 2004	317

Investments in the following subsidiary undertakings:

<b>Name</b>	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Share capital</b>	<b>Holding</b>
Lettersecond Limited (1)	England & Wales	Dormant	£476	100%
Egerton Hospital Equipment Limited (2)	England & Wales	Dormant	£476,100	100%

(1) Owned directly

(2) Owned by subsidiary company

**10. STOCKS**

	<b>2004</b>	<b>2003</b>
	<b>£ 000</b>	<b>£ 000</b>
Raw materials and consumables	1,010	1,032
Work in progress	-	6
Finished goods and goods for resale	1,032	879
	<u>2,042</u>	<u>1,917</u>

**11. DEBTORS**

	<b>2004</b>	<b>2003</b>
	<b>£ 000</b>	<b>£ 000</b>
Amounts falling due within one year:		
Trade debtors	3,424	1,915
Amounts owed by group undertakings	1,108	884
Other debtors	82	124
Deferred taxation (note 14)	194	289
Prepayments and accrued income	467	598
	<u>5,275</u>	<u>3,810</u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2004**

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2004</b>	<b>2003</b>
	<b>£ 000</b>	<b>£ 000</b>
Trade creditors	2,064	1,458
Amounts owed to group undertakings	409	360
Corporation tax	374	621
Other tax and social security	341	-
Accruals and deferred income	949	647
	<u>4,137</u>	<u>3,086</u>

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2004</b>	<b>2003</b>
	<b>£ 000</b>	<b>£ 000</b>
Accruals and deferred income between two and five years	496	416
Accruals and deferred income after more than five years	1	3
	<u>497</u>	<u>419</u>

**14. DEFERRED TAXATION**

Movement on deferred tax asset in the year:

	<b>2004</b>
	<b>£ 000</b>
At 1 January 2004	289
Charged to profit and loss account	(95)
At 31 December 2004	<u>194</u>

Deferred tax asset is provided as follows:

	<b>2004</b>	<b>2003</b>
	<b>£ 000</b>	<b>£ 000</b>
Accelerated capital allowances	156	241
Other timing differences	38	48
Deferred tax asset	<u>194</u>	<u>289</u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2004**

**15. FINANCIAL COMMITMENTS – OPERATING LEASES**

Annual commitments under non-cancellable operating leases are as follows:

Expiry date:	Land and buildings		Other	
	2004 £ 000	2003 £ 000	2004 £ 000	2003 £ 000
Within one year	-	-	75	114
Between two and five years	168	15	434	300
After more than five years	213	366	-	-
	<u>381</u>	<u>381</u>	<u>509</u>	<u>414</u>

**16. CALLED-UP SHARE CAPITAL**

	2004 £ 000	2003 £ 000
<b>Authorised</b>		
2,803,434 ordinary shares of £1 each	<u>2,803</u>	<u>2,803</u>
<b>Called-up, allotted and fully paid</b>		
2,803,434 ordinary shares of £1 each	<u>2,803</u>	<u>2,803</u>

**17. PROFIT AND LOSS ACCOUNT**

	2004 £ 000	2003 £ 000
At 1 January 2004	16,522	15,161
Retained (loss)/profit for the year	<u>(11,003)</u>	<u>1,361</u>
At 31 December 2004	<u>5,519</u>	<u>16,522</u>

**18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2004 £	2003 £
Profit on ordinary activities after taxation	2,497	1,361
Dividends	<u>(13,500)</u>	<u>-</u>
Net (reduction)/increase to shareholders' funds	<u>(11,003)</u>	<u>1,361</u>
Opening shareholders funds	19,392	18,031
Closing shareholders funds	<u>8,389</u>	<u>19,392</u>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2004**

**19. DIRECTORS' REMUNERATION**

The remuneration of the directors was as follows:

	2004 £ 000	2003 £ 000
Emoluments	147	101
Company contributions to money purchase pension schemes	7	7
	<u>154</u>	<u>108</u>

There was one (2003: one) director to whom retirement benefits accrue under a money purchase pension scheme.

**20. PARTICULARS OF EMPLOYEES**

The average monthly number of persons, including executive directors, employed during the year was as follows:

	2004 Number	2003 Number
Administration	57	57
Selling and distribution	26	24
Production	17	23
Servicing	82	74
	<u>182</u>	<u>178</u>

Their total remuneration was:

	2004 £ 000	2003 £ 000
Wages and salaries	5,066	4,627
Social security costs	531	496
Other pension costs	161	186
	<u>5,758</u>	<u>5,309</u>

**21. PENSION COMMITMENTS**

The company operates a defined contribution pension scheme for its directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund. At 31 December 2004, an amount of £22,000 (2003: £nil) was due to the pension scheme and included in accruals and deferred income.

**22. PARENT UNDERTAKING AND CONTROLLING PARTIES**

The ultimate parent undertaking and ultimate controlling party is Getinge AB, incorporated in Sweden. The immediate parent undertaking is Getinge Holding Limited, a company registered in England and Wales. The largest and smallest group in which the results of the company are consolidated is that headed by Getinge AB. Copies of these financial statements may be obtained from Getinge AB, PO Box 69, S-310 44, Getinge, Sweden.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2004**

**23. RELATED PARTY TRANSACTIONS**

The directors have taken advantage of the exemption set out in FRS 8 and have not disclosed transactions with entities within the same group as the company.

**24. CONTINGENT LIABILITIES**

At 31 December 2004, the company had a guarantee in favour of HM Customs & Excise of £100,000 (2003: £200,000).