

# IGE USA Group Limited

Directors' report and financial statements

For the year ended 31 December 2002

Registered Number: 3053570



# IGE USA Group Limited

## Directors' report and financial statements

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# IGE USA Group Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

### Principal activities

The company acts as a holding company for certain European subsidiaries of General Electric Company (USA).

### Business Review

The company made a profit before taxation for the year of £267,894,000 (2001: £7,045,000).

On 16 October 2002 the company acquired 1,000 ordinary £1 shares in GE Speciality Material (UK) Limited (formerly WQS Limited), incorporated in England and Wales, for a cash consideration of £1,681,000.

On 18 December 2002 the company acquired 9,876,372 ordinary £0.01 shares in PII Group Limited from IGE USA Investments in exchange for 1 ordinary £1 share in the company. The company took advantage of s132 of the Companies Act 1985 to record this investment and the share issued at £1.

### Dividends

The directors do not recommend the payment of a dividend (2001: £nil).

### Directors and directors' interests

The directors who held office during the year and after the year-end were as follows:

Mrs PA Green  
JM Crowther  
M Risinger  
RG Clark

Since the company meets the definition in s736 (2)(3) of the Companies Act 1985 of a wholly owned subsidiary of a body corporate incorporated outside Great Britain, the company has taken advantage of regulation 3(1)(a) of Statutory Instrument 1985/802 exempting the company from the requirement to disclose directors' share interests and options in group companies.

### Auditors

Pursuant to a shareholders' resolution, dated 11 July 1996, the company is not obliged to re-appoint auditors of the company annually and KPMG Audit Plc will continue in office.

On behalf of the board



Mrs PA Green  
Director

3rd Floor  
1 Trevelyan Square  
Boar Lane  
Leeds  
LS1 6HP

30th October 2003

# IGE USA Group Limited

## Statement of directors' responsibilities

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 and of the profit or loss 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, subject to any material departures disclosed and explained in the financial statements;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## Report of the independent auditor, KPMG Audit Plc, to the member of IGE USA Group Limited

We have audited the financial statements on pages 4 to 11.

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*

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 to you 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.

### *Basis of audit opinion*

We conducted our audit in accordance with 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 judgments 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 affairs of the company as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc /

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

30<sup>th</sup> October 2003

# IGE USA Group Limited

## Profit and loss account

*for the year ended 31 December 2002*

	<i>Note</i>	<b>2002 £000</b>	<b>2001 £000</b>
Administrative expenses		(1)	(2)
<b>Operating loss</b>	<b>2</b>	<b>(1)</b>	<b>(2)</b>
Income from fixed asset investments	5	262,000	-
Interest receivable and similar income	6	6,220	7,586
Interest payable and similar charges	7	(325)	(539)
<b>Profit on ordinary activities before taxation</b>		<b>267,894</b>	<b>7,045</b>
Tax on profit on ordinary activities	8	(1,775)	(2,113)
<b>Retained profit for the financial year</b>	<b>13</b>	<b>266,119</b>	<b>4,932</b>

The notes on pages 6 to 11 form part of these financial statements.

The movement in reserves is shown in note 13 to these financial statements.

The results in the above profit and loss account relate entirely to continuing operations.

The company has no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented.

# IGE USA Group Limited

## Balance sheet

at 31 December 2002

	Note	2002 £000	2001 £000
<b>Fixed assets</b>			
Investments	9	998,192	996,511
<b>Current assets</b>			
Debtors	10	408,069	136,880
Cash at bank and in hand		-	5,400
		<u>408,069</u>	<u>142,280</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(3,767)</u>	<u>(2,416)</u>
<b>Net current assets</b>		<u>404,302</u>	<u>139,864</u>
<b>Net assets</b>		<u><u>1,402,494</u></u>	<u><u>1,136,375</u></u>
<b>Capital and reserves</b>			
Called up share capital	12	970,032	970,032
Share premium	13	87,773	87,773
Profit and loss account	13	344,689	78,570
<b>Shareholder's funds</b>			
Equity		1,003,178	737,059
Non-equity		399,316	399,316
	13	<u><u>1,402,494</u></u>	<u><u>1,136,375</u></u>

The notes on pages 6 to 11 form part of these financial statements.

These financial statements were approved by the board of directors on  
and were signed on its behalf by:

**30th October**

2003

*Mrs PA Green*

Mrs PA Green  
Director

# IGE USA Group Limited

## Notes

*(forming part of the financial statements)*

### 1. Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements with the exception of changes necessitated by the implementation of FRS 19 'Deferred Tax' in the year. No prior year adjustment has been made on implementation of FRS 19 'Deferred Tax' on the grounds of materiality.

#### *(a) Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom, under the historical cost convention and on a going concern basis.

#### *(b) Taxation*

The charge for taxation is based on the profit for the year. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *(c) Investments*

Investments in subsidiary undertakings are stated at cost less provisions for permanent diminutions in value where necessary.

#### *(d) Cash flow statement*

Under Financial Reporting Standard 1 (Revised 1996) the company is exempt from the requirement to prepare a cash flow statement. Exemption is on the grounds that it is a wholly owned subsidiary undertaking and its cash flows appear in a consolidated cash flow statement in the financial statements of the ultimate parent company which are available to the public.

#### *(e) Transactions with related parties*

The company, as a wholly owned subsidiary undertaking of General Electric Company, has taken advantage of an exemption contained in FRS 8, "Related Party Disclosures", in preparing its accounts. This exemption allows the company not to disclose details of transactions with other group companies or investees of the group qualifying as related parties, as the consolidated accounts of General Electric Company in which the company is included are available to the public and can be obtained from the address mentioned in note 14.

#### *(f) Group financial statements*

The company is exempt under Section 228 of the Companies Act 1989 from the requirement to prepare and deliver group financial statements.

These financial statements present information about IGE USA Group Limited as an individual undertaking and not about its group.

#### *(g) Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account



# IGE USA Group Limited

## Notes

(continued)

### 2. Operating loss

	2002 £000	2001 £000
Operating loss is stated after charging:		
Auditors' remuneration	1	2

### 3. Remuneration of directors

None of the directors of the company received any emoluments during the year (2001: £nil).

### 4. Staff numbers and costs

The company had no employees during the year (2001: nil).

### 5. Income from fixed asset investments

	2002 £000	2001 £000
Dividends received from group undertakings	262,000	-

### 6. Interest receivable and similar income

	2002 £000	2001 £000
On amounts owed by group undertakings	6,220	7,586

### 7. Interest payable and similar charges

	2002 £000	2001 £000
On amounts owed to group undertakings	302	539
Other interest	23	-
	325	539

### 8. Tax on profit on ordinary activities

#### a) Analysis of charge in the year

	2002 £000	2001 £000
UK corporation tax at 30% (2001: 30%)	1,775	2,113

# IGE USA Group Limited

## Notes

(continued)

### 8. Tax on profit on ordinary activities (continued)

#### b) Factors affecting current tax charge in year

	2002 £000	2001 £000
Profit on ordinary activities before tax	267,894	7,045
Tax on profit on ordinary activities at UK standard rate of 30% (2001 30%)	80,368	2,113
Effects of:		
Non taxable UK dividend income	(78,600)	-
Expenses not deductible for tax purposes	7	
Total current tax charge for the year	1,775	2,113

### 9. Investments

	Shares in subsidiary undertakings £000
At beginning of year	996,511
Additions	1,681
At end of year	998,192

On 16 October 2002 the company acquired 1,000 ordinary £1 shares in GE Speciality Material (UK) Limited (formerly WQS Limited), incorporated in England and Wales, for a cash consideration of £1,681,000.

On 18 December 2002 the company acquired 9,876,372 ordinary £0.01 shares in PII Group Limited from IGE USA Investments in exchange for 1 ordinary £1 share in the company. The company took advantage of s132 of the Companies Act 1985 to record this investment and the share issued at £1.

The company owns the following subsidiary undertakings, registered in England and Wales:-

Subsidiary undertaking	Principal activity	Proportion of share capital held by the company	Class of share
International General Electric (USA)	Holding company	100%	Ordinary
		100%	Ordinary Y
		100%	Redeemable
Smallworldwide Limited (formerly Smallworldwide Plc)	Development and marketing of software	100%	Ordinary
PII Group Limited	Holding company	100%	Ordinary A
GE Speciality Material (UK)	Sale of Quartz glass	100%	Ordinary
Advanced Ceramics (Europe) Ltd	Manufacture of advanced ceramic material	100%	Ordinary

International General Electric (USA) holds investments in a number of group undertakings, details of which are disclosed in that company's financial statements.

# IGE USA Group Limited

## Notes

(continued)

### 9. Investments (continued)

In the opinion of the directors, the market value of the investments is not less than the carrying value in these financial statements.

### 10. Debtors

	2002 £000	2001 £000
Amounts owed by group undertakings	408,069	136,880

### 11. Creditors: amounts falling due within one year

	2002 £000	2001 £000
Amounts owed to group undertakings	1,683	2
Corporation tax	2,082	2,412
Accruals and deferred income	2	2
	3,767	2,416

### 12. Called up share capital

	2002		2001	
	Shares '000	£000	Shares '000	£000
<b>Authorised</b>				
850,000,000 Ordinary shares of £1 each	850,000	850,000	850,000	850,000
350,000,000 'Y' shares of £1 each	350,000	350,000	350,000	350,000
25,000,000 Preference shares of £1 each	25,000	25,000	25,000	25,000
300,000,000 Redeemable shares of £1 each	300,000	300,000	300,000	300,000
	1,525,000	1,525,000	1,525,000	1,525,000
<b>Allotted, called up and fully paid</b>				
570,715,931 (2001: 570,715,930) Ordinary shares of £1 each	570,716	570,716	570,716	570,716
99,315,912 'Y' shares of £1 each	99,316	99,316	99,316	99,316
300,000,000 Redeemable shares of £1 each	300,000	300,000	300,000	300,000
	970,032	970,032	970,032	970,032

On 18 December 2002 the company issued 1 Ordinary £1 shares to IGE USA Investments to fund the acquisition of 9,876,372 'A' Ordinary Share in PII Group Limited.

The redeemable shares rank *pari passu* with the other issued shares in the company, save that any redeemable share may be redeemed at par at any time.

# IGE USA Group Limited

## Notes

(continued)

### 12. Called up share capital (continued)

The 'Y' shares entitle holders to receive, in priority to other members, a dividend equal to the maximum amount which could have been paid by way of dividend by one of the company's indirect subsidiary undertakings, GE Capital Corporation Limited. Other than as aforesaid, holders of 'Y' shares have no further rights to participation in the profits of the company.

On a winding up, holders of 'Y' shares are entitled to receive, in priority to other members, an amount equal to the net after tax sale proceeds of the share capital or net assets of GE Capital Corporation Limited. Other than as aforesaid, holders of 'Y' shares shall have no further rights to participate in the assets of the company on a winding up or other return of capital.

Holders of 'Y' shares are entitled to 100 votes for each 'Y' share held.

### 13. Shareholder's funds

Movements in shareholder's funds were as follows:

	Share capital £000	Share premium account £000	Profit and loss account £000	2002 Share- holder's funds £000	2001 Share- holder's funds £000
At beginning of year	970,032	87,773	78,570	1,136,375	1,127,093
Retained profit for the financial year	-	-	266,119	266,119	4,932
New share capital issued	-	-	-	-	4,350
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	970,032	87,773	344,689	1,402,494	1,136,375
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Shareholder's funds are apportioned as follows:

	Equity £000	2002 Non- equity £000	Total £000	Equity £000	2001 Non- Equity £000	Total £000
Ordinary shares of £1 each	1,003,178	-	1,003,178	737,059	-	737,059
'Y' shares of £1 each	-	99,316	99,316	-	99,316	99,316
Redeemable shares of £1 each	-	300,000	300,000	-	300,000	300,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,003,178	399,316	1,402,494	737,059	399,316	1,136,375
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

# IGE USA Group Limited

## Notes

*(continued)*

### 14. Parent undertakings

The smallest group in which the results of the company are consolidated is that headed by its immediate parent undertaking, IGE USA Investments, a company registered in England and Wales. The consolidated financial statements for this company are available to the public and may be obtained from 3rd Floor, 1 Trevelyan Square, Boar Lane, Leeds LS1 6HP.

The largest group in which the results of the company are consolidated is that headed by the company's ultimate parent undertaking, General Electric Company, a company incorporated in the United States of America. The consolidated financial statements of this company are available to the public and may be obtained from 3135 Easton Turnpike, Fairfield, Connecticut 06431 or at [www.ge.com](http://www.ge.com).