

## IGE USA Group Limited

Directors' report and financial statements  
For the year ended 31 December 2005  
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 of the company for the year ended 31 December 2005.

### Principal activities

The company acts as a holding company for selected European subsidiaries of General Electric Company.

### Business review

The company made a profit before taxation for the year of £23,585,000 (2004: loss of £36,922,000).

### Dividends

The directors do not recommend the payment of a dividend (2004: *£nil*).

### Directors and directors' interests

The directors who held office during the year and up to the date of the directors' report were as follows:

PA Green	(resigned 31 October 2005)
M Risinger	
RG Clark	
WH Morris	
ZJ Citron	
ST Dwyer	(appointed 20 January 2006)

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.

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Auditors

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

On behalf of the board



**Z J Citron**  
Director

100 Barbirolli Square  
Manchester  
M2 3AB

30/6 2006

# IGE USA Group Limited

## Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.



## KPMG Audit Plc

8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

### Independent auditors' report to the members of IGE USA Group Limited

We have audited the financial statements of IGE USA Group Limited for the year ended 31 December 2005 which comprises the Profit and Loss Account, the Balance Sheet and the related notes. 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 on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.



Independent auditors' report to the members of IGE USA Group Limited  
(continued)

**Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 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

*30 June 2006*

# IGE USA Group Limited

## Profit and loss account for the year ended 31 December 2005

	Note	2005 £000	2004 £000
Administrative expenses		(11)	(123)
<b>Operating loss</b>	2	<b>(11)</b>	(123)
Amounts written off investments	8	-	(57,989)
<b>Loss on ordinary activities before interest</b>		<b>(11)</b>	(58,112)
Interest receivable and similar income	5	23,881	21,266
Interest payable and similar charges	6	(285)	(76)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>23,585</b>	(36,922)
Tax on profit/(loss) on ordinary activities	7	(7,076)	(6,337)
<b>Profit/(loss) on ordinary activities after taxation</b>		<b>16,509</b>	(43,259)
<b>Profit for the financial year</b>	12	<b>16,509</b>	(43,259)

The notes on pages 7 to 13 form part of 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.

The profit/(loss) for the current and preceding financial year calculated on a historical cost basis is not materially different to the profit/(loss) disclosed above. Accordingly a note of historical cost profits and losses as required by paragraph 26 of FRS 3 has not been presented.

# IGE USA Group Limited

## Balance sheet at 31 December 2005

	Note	2005 £000	2004 £000
<b>Fixed assets</b>			
Investments	8	914,720	914,720
<b>Current assets</b>			
Debtors	9	476,478	467,588
<b>Creditors: amounts falling due within one year</b>	10	(3,462)	(11,081)
<b>Net current assets</b>		<u>473,016</u>	<u>456,507</u>
<b>Net assets</b>		<u><u>1,387,736</u></u>	<u><u>1,371,227</u></u>
<b>Capital and reserves</b>			
Called up share capital	11	970,032	970,032
Share premium	12	87,773	87,773
Profit and loss account	12	329,931	313,422
<b>Shareholders' funds</b>	12	<u><u>1,387,736</u></u>	<u><u>1,371,227</u></u>

The notes on pages 7 to 13 form part of these financial statements.

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

30/6 2006



**Z J Citron**  
Director



# IGE USA Group Limited

## Notes

*(forming part of the financial statements)*

### 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date';
- FRS 25 'Financial instruments: presentation and disclosure'; and
- FRS 28 'Corresponding amounts'.

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption. FRS 28 'Corresponding amounts' has had no effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

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

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards 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 'Deferred tax'.

Deferred tax assets are recognised to the extent that the directors consider those assets to be recoverable.

#### **(c) Investments**

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

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

Under FRS 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 and can be obtained from the address given in note 13.

#### **(e) Income from shares in group undertakings**

Investment income arising from dividends is recognised when dividends are declared by subsidiary undertakings.

#### **(f) 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 financial statements. 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 financial statements of General Electric Company in which the company is included are available to the public and can be obtained from the address given in note 13.

# IGE USA Group Limited

## Notes

*(continued)*

### **(g) Group financial statements**

The company is exempt under Section 228 of the Companies Act 1985 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.

### **(h) 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.

### **(i) Dividends on shares presented within shareholders' funds**

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements as required by FRS 21. Compliance with this standard has had no impact as no dividends have been proposed in the two preceding years ending 31 December 2005.

### **(j) Classification of financial instruments issued by the Company**

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds. Compliance to this standard has had no impact to these financial statements as all existing shares remain within shareholders' funds.

# IGE USA Group Limited

## Notes (continued)

### 2. Operating loss

	2005 £000	2004 £000
Operating loss is stated after charging:		
Auditors' remuneration- audit fees	7	14
- other fees	2	-
	<u>          </u>	<u>          </u>

### 3. Directors' emoluments

None of the directors of the company received any emoluments during the year (2004: *£nil*).

### 4. Staff numbers and costs

The company had no employees during the year (2004: *nil*).

### 5. Interest receivable and similar income

	2005 £000	2004 £000
On amounts owed by group undertakings	23,881	21,266
	<u>          </u>	<u>          </u>

### 6. Interest payable and similar charges

	2005 £000	2004 £000
On amounts owed to group undertakings	285	76
	<u>          </u>	<u>          </u>

# IGE USA Group Limited

## Notes

(continued)

### 7. Tax on profit/(loss) on ordinary activities

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

	2005 £000	2004 £000
UK corporation tax at 30% (2004: 30%)	7,076	6,337

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

	2005 £000	2004 £000
Profit/(loss) on ordinary activities before tax	23,585	(36,922)
Tax charge/(credit) on profit/(loss) on ordinary activities at UK standard rate of 30% (2004: 30%)	7,075	(11,076)
Effects of:		
Expenses not deductible for tax purposes:		
Investment impairment	-	17,413
Other	1	-
Total current tax charge for the year	7,076	6,337

There were no amounts of provided or unprovided deferred taxation as at 31 December 2005 or 31 December 2004.

# IGE USA Group Limited

## Notes (continued)

### 8. Investments

	Shares in subsidiary undertakings £000
<b>Cost</b>	
At beginning and end of year	972,709
<b>Provision</b>	
At beginning and end of year	57,989
<b>Net book value</b>	
At 31 December 2005	914,720
At 31 December 2004	914,720

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
Smallworldwide Limited	Providing loans to group undertakings	100%	Ordinary
PII Group Limited	Holding company	100%	Ordinary A
GE Specialty Materials (UK) Limited	Sale of Quartz glass	100%	Ordinary
Advanced Ceramics (Europe) Limited	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.

### 9. Debtors

	2005 £000	2004 £000
Amounts owed by group undertakings	476,478	467,588

# IGE USA Group Limited

## Notes

(continued)

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

	2005 £000	2004 £000
Amounts owed to group undertakings	-	6,244
Corporation tax	3,447	4,816
Accruals and deferred income	15	21
	<hr/>	<hr/>
	3,462	11,081
	<hr/>	<hr/>

### 11. Called up share capital

	2005 £000	2004 £000
<b>Authorised</b>		
850,000,000 ordinary shares of £1 each	850,000	850,000
350,000,000 'Y' shares of £1 each	350,000	350,000
25,000,000 preference shares of £1 each	25,000	25,000
300,000,000 redeemable shares of £1 each	300,000	300,000
	<hr/>	<hr/>
	1,525,000	1,525,000
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
570,715,931 ordinary shares of £1 each	570,716	570,716
99,315,912 'Y' shares of £1 each	99,316	99,316
300,000,000 redeemable shares of £1 each	300,000	300,000
	<hr/>	<hr/>
	970,032	970,032
	<hr/>	<hr/>
	2005	2004
Shares classified as liabilities	-	-
Shares classified in shareholders' funds	970,032	970,032
	<hr/>	<hr/>
	970,032	970,032
	<hr/>	<hr/>

The redeemable shares rank *pari passu* with the other issued shares in the company, save that any redeemable shares may be redeemed at par at any time. The redeemable preference shares can be only redeemed at the discretion of the directors of the company.

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. Other than as aforesaid, holders of 'Y' shares have no further rights to participation in the profits of the company.

# IGE USA Group Limited

## Notes

(continued)

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

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. 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.

### 12. Shareholders' funds

Movements in shareholders' funds were as follows:

	Share capital £000	Share premium account £000	Profit and loss account £000	2005 Share- holders' funds £000	2004 Share- holders' funds £000
At beginning of year	970,032	87,773	313,422	1,371,227	1,414,486
Profit/(loss) for the year	-	-	16,509	16,509	(43,259)
<b>At end of year</b>	<b>970,032</b>	<b>87,773</b>	<b>329,931</b>	<b>1,387,736</b>	<b>1,371,227</b>

### 13. Parent undertakings

The company's immediate parent undertaking is IGE USA Investments, a company registered in England and Wales.

The smallest group in which the results of the company are consolidated is that headed by IGE USA Investments, a company registered in England and Wales. The consolidated financial statements of this company are available to the public and may be obtained from 100 Barbirolli Square, Manchester, M2 3AB.

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).