

# IGE USA Group Limited

## Directors' report and financial statements

For the year ended 31 December 2007

Registered number: 3053570

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# IGE USA Group Limited

## Contents

	Page
Directors' report	1 - 2
Statement of directors' responsibilities	3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 16

# IGE USA Group Limited

## Directors' report

The directors present their report and the financial statements for the year ended 31 December 2007.

### Principal activities

The principal activities of the company are that of a holding company.

### Business review

On 21 May 2007 the company sold its entire shareholding in GE Plastics ABS Limited consisting of 1 ordinary share of £1 each to General Electric Plastics BV for a cash consideration of 1 Euro.

On 16 August 2007 the company acquired the entire shareholding of Vetco International Limited, a company registered in England and Wales, from General Electric Company for a consideration of £723,885,011, payable in cash. During the year Vetco International Limited declared a dividend of £457,500,529 out of its pre-acquisition profits.

On the same date the company acquired the entire shareholding of Vetco Group Limited, a company registered in England and Wales, from Vetco International Limited for a consideration of £723,885,011, payable in cash.

On the same day the company sold its entire shareholding in Vetco Group Limited to GE Infrastructure UK Limited for a consideration of £723,885,011, payable in cash.

On the same date the company subscribed for 2,000 ordinary shares of £1 each at par in GE Infrastructure UK Limited, a company registered in England and Wales.

On 17 August 2007 the company transferred its entire shareholding in GE Infrastructure UK Limited to its wholly owned subsidiary, International General Electric (USA). The consideration for the transfer was the allotment by International General Electric (USA) of 2,000 ordinary shares of £1 each to the company, credited as fully paid.

On 26 September 2007 the company acquired 1 share in GE Aviation UK from GEAE Technology, Inc. to be held in trust on behalf of IGE USA Investments.

In accordance with UK GAAP and in particular FRS 11 'Impairment of fixed assets and goodwill' the directors of the company decided to undertake a review of the company's investments in group undertakings as at 31 December 2007. This has resulted in a write down of £325 million, these investment having been valued at its current value in use by reference to its future discounted identifiable cash flows.

### Results and dividends

The loss for the year, after taxation, amounted to £287,094,000 (2006: loss £14,725,000).

The directors do not recommend the payment of a dividend (2006: £nil).

# IGE USA Group Limited

## Directors' report

### Directors

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

G M Wheeler  
M Risinger  
Z J Citron  
S J Dwyer  
P R Hitchin (resigned 6 March 2007)

### Post balance sheet events

On 1 January 2008 the company acquired the entire issued share capital of Unidril Energy Texas, Inc. and Unidril Energy, Inc. from Unidril Energy Limited, a company registered in England and Wales, for a consideration of £15,000,000, to be satisfied by the issue of loan notes.

On 1 January 2009 the company acquired 1,001 common shares in, being the entire issued share capital of, PII North America Inc from PII Holdings Limited for £1.

### Provision of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

### Auditors

The auditors, KPMG Audit Plc, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 11 July 1996.

This report was approved by the board and signed on its behalf.



Director

Date: 29.1.09

100 Barbirolli Square  
Manchester  
M2 3AB

# IGE USA Group Limited

## Statement of directors' responsibilities for the year ended 31 December 2007

The directors are responsible for preparing the annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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;
- 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 the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# IGE USA Group Limited

## 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 2007, which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared in accordance with 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 auditors' 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' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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.

# IGE USA Group Limited

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

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

*KPMG Audit Plc*

**KPMG Audit Plc**

Chartered Accountants  
Registered Auditor

8 Salisbury Square  
London  
EC4Y 8BB

Date: *29 January 2009*

# IGE USA Group Limited

## Profit and loss account for the year ended 31 December 2007

	Note	2007 £000	2006 £000
Administrative (expenses)/income		(118)	7
<b>Operating (loss)/profit</b>		<b>(118)</b>	<b>7</b>
Amount written off investments		(325,000)	(38,621)
<b>Loss on ordinary activities before interest</b>		<b>(325,118)</b>	<b>(38,614)</b>
Income from fixed asset investments		34,409	-
Interest receivable and similar income	5	23,382	23,998
Interest payable and similar charges	6	(8,193)	-
<b>Loss on ordinary activities before taxation</b>		<b>(275,520)</b>	<b>(14,616)</b>
Tax on loss on ordinary activities	7	(11,574)	(109)
<b>Loss on ordinary activities after taxation</b>	12	<b>(287,094)</b>	<b>(14,725)</b>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2007 or 2006 other than those included in the profit and loss account.

The notes on pages 8 to 16 form part of these financial statements.



# IGE USA Group Limited

## Balance sheet as at 31 December 2007

	Note	£000	2007 £000	£000	2006 £000
<b>Fixed assets</b>					
Investments	8		817,485		876,099
<b>Current assets</b>					
Debtors: amounts falling due after more than one year	9	174,383		-	
Debtors: amounts falling due within one year	9	98,596		496,912	
		272,979		496,912	
Creditors: amounts falling due within one year	10	(4,547)		-	
<b>Net current assets</b>			268,432		496,912
<b>Total assets less current liabilities</b>			1,085,917		1,373,011
<b>Capital and reserves</b>					
Called up share capital	11		970,032		970,032
Share premium account	12		87,773		87,773
Profit and loss account	12		28,112		315,206
<b>Shareholders' funds</b>	13		1,085,917		1,373,011

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

29 Jan 2009



Director

The notes on pages 8 to 16 form part of these financial statements.

# IGE USA Group Limited

## Notes to the financial statements

### 1. Accounting policies

#### 1.1 Basis of preparation of financial statements

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

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228A of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

#### 1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

#### 1.3 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

#### 1.4 Taxation

Taxation for the year is based on the loss for the year.

Full provision is made for deferred tax liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

#### 1.5 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

#### 1.6 Transaction 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 publicly available.

# IGE USA Group Limited

## Notes to the financial statements

### 1. Accounting policies (continued)

#### 1.7 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 2007.

#### 1.8 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:

- 1) 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
- 2) where the instrument will or maybe 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.

### 2. Auditors' remuneration

Remuneration of £7,000 (2006: £9,000) paid to the auditors for their services to the company was borne by a fellow group undertaking.

### 3. Directors' remuneration

No directors received any remuneration in respect of services to the company during the current and preceding financial year.

# IGE USA Group Limited

## Notes to the financial statements

### 4. Staff costs

The company had no employees during the year (2006:nil).

### 5. Interest receivable and similar income

	2007 £000	2006 £000
Interest receivable from group companies	23,302	23,998
Other interest receivable	80	-
	<u>23,382</u>	<u>23,998</u>

### 6. Interest payable and similar charges

	2007 £000	2006 £000
On loans from group undertakings	<u>8,193</u>	<u>-</u>

### 7. Taxation

	2007 £000	2006 £000
<b>Analysis of tax charge in the year</b>		
UK corporation tax charge on profit/(loss) for the year	4,498	7,202
Adjustments in respect of prior periods	7,076	(7,093)
	<u>11,574</u>	<u>109</u>
<b>Tax on profit/(loss) on ordinary activities</b>		

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2006: higher than) the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2007 £000	2006 £000
Profit/(loss) on ordinary activities before tax	<u>(275,520)</u>	<u>(14,616)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006: 30%)	(82,656)	(4,385)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	97,500	11,587
Non taxable income	(10,346)	-
Adjustments to tax charge in respect of prior periods	7,076	(7,093)
	<u>11,574</u>	<u>109</u>
<b>Current tax charge for the year (see note above)</b>		

# IGE USA Group Limited

## Notes to the financial statements

### 7. Taxation (continued)

#### *Factors that may affect future tax charges*

From 1 April 2008 the rate of UK corporation tax changes from 30% to 28%. There are no other factors that may significantly affect future tax charges.

There were no amounts of provided or unprovided deferred taxation as at 31 December 2007 or 31 December 2006.

### 8. Fixed asset investments

	Shares in subsidiary undertakings £000
<b>Cost or valuation</b>	
At 1 January 2007	972,709
Additions	1,447,774
Disposals	(723,887)
Dividend adjustment to investment cost	(457,501)
At 31 December 2007	<u>1,239,095</u>
<b>Impairment</b>	
At 1 January 2007	96,610
Charge for the year	325,000
At 31 December 2007	<u>421,610</u>
<b>Net book value</b>	
At 31 December 2007	<u>817,485</u>
At 31 December 2006	<u>876,099</u>

# IGE USA Group Limited

## Notes to the financial statements

### 8. Fixed asset investments (continued)

On 21 May 2007 the company sold its entire shareholding in GE Plastics ABS Limited consisting of 1 ordinary share of £1 each to General Electric Plastics BV for a cash consideration of 1 Euro.

On 16 August 2007 the company acquired the entire shareholding of Vetco International Limited, a company registered in England and Wales, from General Electric Company for a consideration of £723,885,011, payable in cash. During the year Vetco International Limited declared a dividend of £457,500,529 out of its pre-acquisition profits.

On the same date the company acquired the entire shareholding of Vetco Group Limited, a company registered in England and Wales, from Vetco International Limited for a consideration of £723,885,011, payable in cash.

On the same day the company sold its entire shareholding in Vetco Group Limited to GE Infrastructure UK Limited for a consideration of £723,885,011, payable in cash.

On the same date the company subscribed for 2,000 ordinary shares of £1 each at par in GE Infrastructure UK Limited, a company registered in England and Wales.

On 17 August 2007 the company transferred its entire shareholding in GE Infrastructure UK Limited to its wholly owned subsidiary, International General Electric (USA). The consideration for the transfer was the allotment by International General Electric (USA) of 2,000 ordinary shares of £1 each to the company, credited as fully paid.

On 26 September 2007 the company acquired 1 share in GE Aviation UK from GEAE Technology, Inc. to be held in trust on behalf of IGE USA Investments.

In accordance with UK GAAP and in particular FRS 11 'Impairment of fixed assets and goodwill' the directors of the company decided to undertake a review of the company's investments in group undertakings as at 31 December 2007. This has resulted in a write down of £325 million, these investment having been valued at its current value in use by reference to its future discounted identifiable cash flows.

# IGE USA Group Limited

## Notes to the financial statements

### 8. Fixed asset investments (continued)

Details of the company's subsidiaries are listed below. All subsidiary undertakings are incorporated in England and Wales.

Name and nature of business	Class of shares held	Percentage of shares held
International General Electric (USA) <i>Holding company</i>	Ordinary	100%
Smallworldwide Limited <i>Providing loans to group undertakings</i>	Ordinary	100%
PII Group Limited <i>Holding company</i>	Ordinary 'A'	100%
GE Specialty Materials (UK) Limited <i>Non trading</i>	Ordinary	100%
Advanced Ceramics (Europe) Limited <i>Non trading</i>	Ordinary	100%
Vetco International Limited <i>Holding company</i>	Ordinary	100%

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

	2007 £000	2006 £000
<b>Due after more than one year</b>		
Amounts owed by group undertakings	174,383	-
<b>Due within one year</b>		
Amounts owed by group undertakings	98,596	493,518
Corporation tax	-	3,394
	<b>98,596</b>	<b>496,912</b>

# IGE USA Group Limited

## Notes to the financial statements

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

	2007 £000	2006 £000
Corporation tax	4,498	-
Accruals and deferred income	49	-
	<u>4,547</u>	<u>-</u>

### 11. Share capital

	2007 £000	2006 £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
	<u>1,525,000</u>	<u>1,525,000</u>
<b>Allotted, called up and fully paid</b>		
570,715,931 ordinary shares of £1 each	570,716	570,716
99,315,913 'Y' shares of £1 each	99,316	99,316
300,000,000 redeemable shares of £1 each	300,000	300,000
	<u>970,032</u>	<u>970,032</u>



# IGE USA Group Limited

## Notes to the financial statements

### 11. Share capital (continued)

	2007 £000	2006 £000
Shares classified as liabilities	-	-
Shares classified in shareholders' funds	970,032	970,032
<b>Total</b>	<b>970,032</b>	<b>970,032</b>

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 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, GECC UK (formerly GE Capital Corporation). 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 GECC UK (formerly 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. Reserves

	Share premium account £000	Profit and loss account £000
At 1 January 2007	87,773	315,206
Loss for the year	-	(287,094)
<b>At 31 December 2007</b>	<b>87,773</b>	<b>28,112</b>

### 13. Reconciliation of movement in shareholders' funds

	2007 £000	2006 £000
Opening shareholders' funds	1,373,011	1,387,736
Loss for the year	(287,094)	(14,725)
<b>Closing shareholders' funds</b>	<b>1,085,917</b>	<b>1,373,011</b>

# IGE USA Group Limited

## Notes to the financial statements

### 14. Post balance sheet events

On 1 January 2008 the company acquired the entire issued share capital of Unidril Energy Texas, Inc. and Unidril Energy, Inc. from Unidril Energy Limited, a company registered in England and Wales, for a consideration of £15,000,000, to be satisfied by the issue of loan notes.

On 1 January 2009 the company acquired 1,001 common shares in, being the entire issued share capital of, PII North America Inc from PII Holdings Limited for £1.

### 15. Ultimate parent undertaking and controlling party

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

The smallest and 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 06828 or at [www.ge.com](http://www.ge.com).