

IGE USA Group (formerly IGE USA Group Limited)

Directors' report and financial statements

For the year ended 31 December 2010

Registered number. 3053570



IGE USA Group (formerly IGE USA Group Limited)

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IGE USA Group (formerly IGE USA Group Limited)

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2010

Principal activities

The principal activity of the company is that of a holding company

Business review

On 17 November 2010 the company re-registered as an unlimited company

On 22 November 2010 the issued share capital of the company was reduced from £1,338,131,945 to £1,038,131,945 by cancelling and extinguishing 300,000,000 ordinary shares of £1 each, giving rise to a distributable reserve of £300,000,000

On 1 December 2010 an interim dividend of £0.24 per share at a total cost of £230,000,000 was paid to its immediate parent undertaking, IGE USA Investments, a company registered in England and Wales

Results and dividends

The profit for the year, after taxation, amounted to £232,674,000 (2009 loss £80,198,000)

The directors paid an interim dividend of £230,000,000 (2009 £nil)

The directors do not recommend the payment of a final dividend (2009 £nil)

Directors

The directors who served during the year were

G M Wheeler
M Risinger
R Agarwal (appointed 11 April 2011)
Z J Citron
S J Dwyer
A E Brennan

Post balance sheet events

On 3 February 2011 the issued share capital of the company was reduced from £1,038,131,945 to £788,131,945 by cancelling and extinguishing 250,000,000 ordinary shares of £1 each, giving rise to a distributable reserve of £250,000,000

On the same day the company paid a dividend of £192,339,923 to IGE USA Investments

IGE USA Group (formerly IGE USA Group Limited)

Directors' report

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
- that 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

Under section 487 of the Companies Act 2006, KPMG Audit Plc will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board on 30 June 2011 and signed on its behalf



Director

Z. Citron

Webber House
26-28 Market Street
Cheshire
WA14 1PF

IGE USA Group (formerly IGE USA Group Limited)

Statement of directors' responsibilities for the year ended 31 December 2010

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 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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 (formerly IGE USA Group Limited)

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

We have audited the financial statements of IGE USA Group (formerly IGE USA Group Limited) for the year ended 31 December 2010, which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

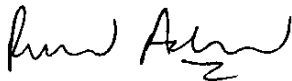
IGE USA Group (formerly IGE USA Group Limited)

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Richard Ackland (Senior statutory auditor)

for and on behalf of
KPMG Audit Plc

Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL
United Kingdom

Date 30 JUNE 2011

IGE USA Group (formerly IGE USA Group Limited)

Profit and loss account for the year ended 31 December 2010

	Note	2010 £000	2009 £000
Administrative expenses		107	(88)
Impairment loss on investments		-	(88,677)
Operating profit/(loss)		107	(88,765)
Income from investments		230,000	1,430
Interest receivable and similar income	5	2,622	4,971
Interest payable and similar charges	6	(451)	(1,189)
Profit/(loss) on ordinary activities before taxation		232,278	(83,553)
Tax on profit/(loss) on ordinary activities	7	396	3,355
Profit/(loss) for the financial year	12	232,674	(80,198)

All amounts relate to continuing operations

There were no recognised gains and losses for 2010 or 2009 other than those included in the profit and loss account.

The notes on pages 8 to 14 form part of these financial statements

IGE USA Group (formerly IGE USA Group Limited)

Registered number 3053570

Balance sheet as at 31 December 2010

	Note	£000	2010 £000	£000	2009 £000
Fixed assets					
Investments	8		1,220,792		1,220,792
Current assets					
Debtors amounts falling due after more than one year	9	192,108		189,855	
Debtors amounts falling due within one year	9	95,030		94,661	
		<u>287,138</u>		<u>284,516</u>	
Creditors amounts falling due within one year	10	<u>(68,948)</u>		<u>(69,000)</u>	
Net current assets			<u>218,190</u>		<u>215,516</u>
Net assets			<u>1,438,982</u>		<u>1,436,308</u>
Capital and reserves					
Called up share capital	11		1,038,132		1,338,132
Share premium account	12		139,351		139,351
Other reserves	12		300,000		-
Profit and loss account	12		<u>(38,501)</u>		<u>(41,175)</u>
Shareholders' funds	13		<u>1,438,982</u>		<u>1,436,308</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2011



Director **Z Citron**

The notes on pages 8 to 14 form part of these financial statements

IGE USA Group (formerly 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 401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

On the basis of their assessment of the company's financial position and resources, the directors believe that the company is well placed to manage its business risks. Therefore the company's directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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 held as fixed assets are shown at cost less provision for impairment.

1.4 Taxation

Taxation for the year is based on the profit/(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.

IGE USA Group (formerly IGE USA Group Limited)

Notes to the financial statements

1. Accounting policies (continued)

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.

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.

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 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 a derivative that will be settled by the company 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.

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 are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

1.9 *Income from shares in group undertakings*

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

2. Auditors' remuneration

Remuneration of £8,000 (2009: £8,000) paid to the auditors for their services to the company was borne by a fellow group undertaking.

IGE USA Group (formerly IGE USA Group Limited)

Notes to the financial statements

3 Directors' remuneration

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

4. Staff costs

The company had no employees during the year (2009 nil)

5 Interest receivable and similar income

	2010 £000	2009 £000
Interest receivable from group companies	<u>2,622</u>	<u>4,971</u>

6 Interest payable and similar charges

	2010 £000	2009 £000
On loans from group undertakings	<u>451</u>	<u>1,189</u>

7. Taxation

	2010 £000	2009 £000
Analysis of tax credit in the year		
UK corporation tax charge on profit/(loss) for the year	638	1,034
Adjustments in respect of prior periods	<u>(1,034)</u>	<u>(4,389)</u>
Tax on profit/(loss) on ordinary activities	<u>(396)</u>	<u>(3,355)</u>

IGE USA Group (formerly IGE USA Group Limited)

Notes to the financial statements

7. Taxation (continued)

Factors affecting current tax credit for the year

The current tax assessed for the year is lower than (2009 higher than) the standard rate of corporation tax in the UK of 28% (2009 28%). The differences are explained below

	2010 £000	2009 £000
Profit/(loss) on ordinary activities before tax	232,278	(83,553)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	65,038	(23,395)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	24,830
Non taxable income	(64,400)	(401)
Adjustments to tax charge in respect of prior periods	(1,034)	(4,389)
<i>Current tax credit for the year (see note above)</i>	(396)	(3,355)

Factors that may affect future tax charges

From 1 April 2011 the rate of UK corporation tax that was enacted at the balance sheet date was 27%. Subsequently, the UK government has announced that the UK corporation tax rate will reduce from 28% to 26% on 1 April 2011. It is expected that the corporation tax rate will change to 23% over the following three years. 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 2010 or 31 December 2009.

8. Fixed asset investments

	Shares in subsidiary undertakings £000
<i>Cost or valuation</i>	
At 1 January 2010 and 31 December 2010	1,733,999
<i>Impairment</i>	
At 1 January 2010 and 31 December 2010	513,207
<i>Net book value</i>	
At 31 December 2010	1,220,792
At 31 December 2009	1,220,792

IGE USA Group (formerly 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 apart from GE Energy Oilfield Technology, Inc which is incorporated in the United States of America.

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%
Vetco International Limited <i>Holding company</i>	Ordinary	100%
GE Energy Oilfield Technology, Inc <i>MWD and related equipment</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

	2010 £000	2009 £000
<i>Due after more than one year</i>		
Amounts owed by group undertakings	192,108	189,855
	2010 £000	2009 £000
<i>Due within one year</i>		
Amounts owed by group undertakings	95,030	94,661

10 Creditors Amounts falling due within one year

	2010 £000	2009 £000
Amounts owed to group undertakings	68,310	67,840
Corporation tax	638	1,034
Accruals and deferred income	-	126
	68,948	69,000

IGE USA Group (formerly IGE USA Group Limited)

Notes to the financial statements

11. Share capital

	2010 £000	2009 £000
Authorised		
950,000,000 ordinary shares of £1 each	950,000	950,000
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
	1,625,000	1,625,000
Allotted, called up and fully paid		
638,816,032 (2009 938,816,032) ordinary shares of £1 each	638,816	938,816
99,315,913 'Y' shares of £1 each	99,316	99,316
300,000,000 redeemable shares of £1 each	300,000	300,000
	1,038,132	1,338,132
	2010 £000	2009 £000
Shares classified as liabilities	-	-
Shares classified in shareholders' funds	1,038,132	1,338,132
	1,038,132	1,338,132

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. 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. 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.

On 22 November 2010 the issued share capital of the company was reduced from £1,338,131,945 to £1,038,131,945 by cancelling and extinguishing 300,000,000 ordinary shares of £1 each, giving rise to a distributable reserve of £300,000,000.

IGE USA Group (formerly IGE USA Group Limited)

Notes to the financial statements

12 Reserves

	Share premium account £000	Other reserves £000	Profit and loss account £000
At 1 January 2010	139,351	-	(41,175)
Profit for the year	-	-	232,674
Dividends	-	-	(230,000)
Cancellation of share capital	-	300,000	-
At 31 December 2010	<u>139,351</u>	<u>300,000</u>	<u>(38,501)</u>

13 Reconciliation of movement in shareholders' funds

	2010 £000	2009 £000
Opening shareholders' funds	1,436,308	1,143,399
Profit/(loss) for the year	232,674	(80,198)
Dividends	(230,000)	-
Shares issued during the year	-	368,100
Share premium on shares issued	-	5,007
Closing shareholders' funds	<u>1,438,982</u>	<u>1,436,308</u>

14 Post balance sheet events

On 3 February 2011 the issued share capital of the company was reduced from £1,038,131,945 to £788,131,945 by cancelling and extinguishing 250,000,000 ordinary shares of £1 each, giving rise to a distributable reserve of £250,000,000

On the same day the company paid a dividend of £192,339,923 to IGE USA Investments

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