

IGE USA Group

Directors' report and financial statements

for the year ended 31 December 2014

Registered number: 03053570

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IGE USA Group

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IGE USA Group

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2014.

Principal activity

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

Results and dividends

The profit for the year, after taxation, amounted to £193,169,000 (2013: £300,210,000).

On 10 July 2014, the company paid an interim dividend of £29,083,000 (2013: £nil) to IGE USA Investments, its immediate parent undertaking.

The directors do not recommend the payment of a final dividend (2013: £nil).

Directors

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

G M Wheeler
M Risinger
A P Mathur (appointed 21 August 2015)
Z J Citron
S J Dwyer
A E Brennan
A S Bowman (resigned 21 August 2015)
A T P Budge

Post balance sheet events

On 1 September 2015, the company transferred 1,161 ordinary shares of £0.6708 each in the capital of International General Electric (USA) to General Electric Exports Inc and 337 ordinary shares of £0.67 each in the capital of International General Electric (USA) to GE UK Holdings for a total cash consideration of £287,200,000.

On 25 September 2015, the company reduced its share capital by cancelling 123,490,602 ordinary shares of £1 each and 76,510,144 redeemable shares of £1 each creating distributable reserves of £200,000,746.

On 28 September 2015, the company transferred 1,503 ordinary shares of £0.6708 each in the capital of International General Electric (USA) to IGE USA Holdings.

Disclosure 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 relevant audit information and to establish that the company's auditors are aware of that information.

IGE USA Group

Directors' report

Auditors

Under section 487 of the Companies Act 2006, KPMG LLP 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 8 October 2015 and signed on its behalf.



ATP Budge
Director

3rd Floor
1 Ashley Road
Altrincham
Cheshire
WA14 2DT

IGE USA Group

Strategic report for the year ended 31 December 2014

Business review

The results for the company show a pre tax profit of £193,169,000 (2013: £300,210,000) for the year.

The company has net assets of £928,555,000 (2013: £764,469,000) as part of which £51,702,000 (2013: £52,082,000) is due to fellow GE group companies.

On 10 July 2014, the company sold its interest in General Electric Holdings C.V. to GE Europe Holdings LLC , another GE subsidiary, for a total cash consideration of £29,082,763.

Principal risks and uncertainties

The principal risk of the company is the carrying value of its investments. The performance of the underlying subsidiary is periodically reviewed in order to mitigate this risk.

Other key performance indicators

The company has not identified any key performance indicators due to the nature of its operations as a holding company.

The directors are satisfied with both the performance for the year and balance sheet position at year-end.

This report was approved by the board on 8 October 2015 and signed on its behalf.



ATP Budge
Director

IGE USA Group

Directors' responsibilities statement for the year ended 31 December 2014

The directors are responsible for preparing the strategic report, 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 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 accounting 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

Independent auditors' report to the members of IGE USA Group

We have audited the financial statements of IGE USA Group for the year ended 31 December 2014, 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 directors' responsibilities statement, 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. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2014 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

IGE USA Group

Independent auditors' report to the members of IGE USA Group

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.



Karen McCulloch (senior statutory auditor)

for and on behalf of

KPMG LLP

Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

United Kingdom

Date: *8 October 2015*

IGE USA Group

Profit and loss account for the year ended 31 December 2014

	Note	2014 £000	2013 £000
Profit on sale of fixed asset investments		19,295	-
Administrative expenses		(51)	(107)
Impairment of investments		(28,650)	(5,202)
Reversal of impairment of fixed asset investments		206,853	295,582
Operating profit		197,447	290,273
Income from fixed asset investments		411	10,341
Interest receivable and similar income	5	7	5
Interest payable and similar charges	6	(4,696)	(409)
Profit on ordinary activities before taxation		193,169	300,210
Tax on profit on ordinary activities	7	-	-
Profit for the financial year	13	193,169	300,210

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

The notes on pages 9 to 14 form part of these financial statements.

IGE USA Group
Registered number: 03053570

Balance sheet
as at 31 December 2014

	Note	£000	2014 £000	£000	2013 £000
Fixed asset					
Investments	8		985,039		816,623
Current assets					
Debtors	9	1,911		1,511	
Creditors: amounts falling due within one year	10	(104)		(72)	
Net current assets			1,807		1,439
Total assets less current liabilities			986,846		818,062
Creditors: amounts falling due after more than one year	11		(58,291)		(53,593)
Net assets			928,555		764,469
Capital and reserves					
Called up share capital	12		200,001		200,001
Other reserves	13		550,000		550,000
Profit and loss account	13		178,554		14,468
Shareholders' funds	14		928,555		764,469

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

8 October 2015



ATP Budge
Director

The notes on pages 9 to 14 form part of these financial statements.

IGE USA Group

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.

At each balance sheet date the company reviews the carrying amounts of its investments to determine whether there is any indication that those investments have suffered an impairment loss. If such indication exists, the recoverable amount of the investment is estimated based on its net asset value and value in use. Value in use is calculated using a discount rate in the range of 8-10% on the future identifiable cash flows. Where the recoverable amount of the investment is less than the carrying value an impairment loss is recognised as an expense.

1.4 *Taxation*

Taxation for the year is based on the profit 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.

IGE USA Group

Notes to the financial statements

1. Accounting policies (continued)

1.5 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 publicly available.

1.6 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.

1.7 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 £24,000 (2013: £24,000) paid to the auditors for their services to the company was borne by a fellow group undertaking.

3. Staff costs

The company had no employees during the year (2013: nil).

4. Directors' remuneration

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

5. Interest receivable and similar income

	2014 £000	2013 £000
Interest receivable from group companies	7	5

IGE USA Group

Notes to the financial statements

6. Interest payable and similar charges

	2014 £000	2013 £000
On loans from group undertakings	4,696	409

7. Taxation

	2014 £000	2013 £000
UK corporation tax charge on profit for the year	-	-

Factors affecting current tax charge for the year

The current tax assessed for the year is lower than (2013: lower than) the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are explained below:

	2014 £000	2013 £000
Profit on ordinary activities before tax	193,169	300,210
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	41,518	69,789

Effects of:

Group relief for £nil consideration	1,019	119
Non-taxable income	(42,537)	(69,908)

Current tax charge for the year (see note above)

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Factors that may affect future tax charges

The UK corporation tax rate was reduced from 23% to 21% on 1 April 2014. It was announced that this rate would be reduced to 20% with effect from 1 April 2015. This rate was enacted at the balance sheet date. Subsequently, the UK government announced that the UK corporation tax rate will reduce further to 19% from 1 April 2017 and 18% from 1 April 2020. 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 2014 or 31 December 2013.

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Notes to the financial statements

8. Fixed asset investments

	Shares in subsidiary undertakings £000	Investments in associates £000	Total £000
Cost or valuation			
At 1 January 2014	1,701,185	9,787	1,710,972
Disposals	-	(9,787)	(9,787)
At 31 December 2014	1,701,185	-	1,701,185
Impairment			
At 1 January 2014	894,349	-	894,349
Charge for the year	28,650	-	28,650
Reversal of previous impairment	(206,853)	-	(206,853)
At 31 December 2014	716,146	-	716,146
Net book value			
At 31 December 2014	985,039	-	985,039
At 31 December 2013	806,836	9,787	816,623

On 10 July 2014, the company sold its interest in General Electric Holdings C.V. to GE Europe Holdings LLC, another GE subsidiary, for a total cash consideration of £29,082,763.

In accordance with UK GAAP and in particular FRS 11 'Impairment of fixed assets and goodwill' the directors of the company have undertaken a review of the company's investment in group undertakings as at 31 December 2014. This has resulted in a write-off of £28,650,000, the investment having been valued at its current value in use by reference to its future discounted identifiable cash flows where relevant.

Following the GE group announcement that it intended to reduce the size of its financial services business, a formal external valuation was performed which indicated a higher fair value than that previously estimated by the directors and as a result, impairment losses of £206,853,000, recognised in prior periods, were reversed.

Details of the company's subsidiaries are listed below, all of which 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) - Holding company	Ordinary	100%
Vetco International Limited - Holding company	Ordinary	100%
GE Energy Oilfield Technology, Inc - MWD and related equipment	Ordinary	100%

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Notes to the financial statements

9. Debtors

	2014 £000	2013 £000
Amounts owed by group undertakings	<u>1,911</u>	<u>1,511</u>

10. Creditors: Amounts falling due within one year

	2014 £000	2013 £000
Amounts owed to group undertakings	20	-
Other creditors	12	-
Accruals and deferred income	72	72
	<u>104</u>	<u>72</u>

11. Creditors: Amounts falling due after more than one year

	2014 £000	2013 £000
Amounts owed to group undertakings	<u>53,593</u>	<u>53,593</u>

12. Share capital

	2014 £000	2013 £000
Allotted, called up and fully paid		
123,490,724 ordinary shares of £1 each	123,491	123,491
1 preferred A share of £1	-	-
76,510,220 redeemable shares of £1 each	76,510	76,510
	<u>200,001</u>	<u>200,001</u>

13. Reserves

	Other reserves £000	Profit and loss account £000
At 1 January 2014	550,000	14,468
Profit for the financial year	-	193,169
Dividends	-	(29,083)
	<u>550,000</u>	<u>178,554</u>
At 31 December 2014		

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Notes to the financial statements

14. Reconciliation of movement in shareholders' funds

	2014 £000	2013 £000
Opening shareholders' funds	764,469	464,259
Profit for the financial year	193,169	300,210
Dividends (note 15)	(29,083)	-
Closing shareholders' funds	<u>928,555</u>	<u>764,469</u>

15. Dividends

	2014 £000	2013 £000
Dividends paid on equity capital	<u>29,083</u>	<u>-</u>

On 10 July 2014, the company paid an interim dividend of £29,083,000 (2013: £nil) to IGE USA Investments, its immediate parent undertaking.

16. Post balance sheet events

On 1 September 2015, the company transferred 1,161 ordinary shares of £0.6708 each in the capital of International General Electric (USA) to General Electric Exports Inc and 337 ordinary shares of £0.67 each in the capital of International General Electric (USA) to GE UK Holdings for a total cash consideration of £287,200,000.

On 25 September 2015, the company reduced its share capital by cancelling 123,490,602 ordinary shares of £1 each and 76,510,144 redeemable shares of £1 each creating distributable reserves of £200,000,746.

On 28 September 2015, the company transferred 1,503 ordinary shares of £0.6708 each in the capital of International General Electric (USA) to IGE USA Holdings.

17. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is IGE USA Holdings, 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 General Electric Company are available to the public and may be obtained from 3135 Easton Turnpike, Fairfield, Connecticut, 06828, USA or at www.ge.com.