

IGE USA Group Limited

Directors' report and financial statements

For the year ended 31 December 2004

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 2004.

Principal activities

The company acts as a holding company for selected European subsidiaries of General Electric Company, a company incorporated in the United States of America.

Business review

The company made a loss before taxation for the year of £36,922,000 (2003: profit of £17,148,000).

On 30 April 2004 International General Electric (USA), a wholly owned subsidiary of the company, reduced its paid up share capital by £405,897,556 by the cancellation of 70,308,187 ordinary shares of £1 each, 35,589,369 "Y" shares of £1 each and 300,000,000 redeemable ordinary shares of £1 each. The subsidiary utilised £139,522,184 of the £405,897,556 to eliminate the deficit on its profit and loss account reserves, £240,891,832 was considered as a share cancellation reserve and the balance of £25,483,540 was returned to IGE USA Group Limited by the transfer of the subsidiary's investment in NBC (UK) Holdings Limited. On the same date the company sold its investment in NBC (UK) Holdings Limited to GE Capital International Holdings Corporation for £25,483,540 in cash.

Dividends

The directors do not recommend the payment of a dividend (2003: *£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 on 28 October 2005
M Risinger
RG Clark
WH Morris
ZJ Citron

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

Auditors

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

On behalf of the board


RG Clark
Director

15 November 2005

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

IGE USA Group Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Report of the independent auditors, KPMG Audit Plc, to the members of IGE USA Group Limited

We have audited the financial statements on pages 4 to 12.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

8 Salisbury Square
London
EC4Y 8BB

15 November 2005

IGE USA Group Limited

Profit and loss account for the year ended 31 December 2004

	<i>Note</i>	2004 £000	2003 £000
Administrative expenses		(123)	(56)
Operating loss	2	(123)	(56)
Amounts written off investments	8	(57,989)	-
Loss on ordinary activities before interest		(58,112)	(56)
Interest receivable and similar income	5	21,266	17,253
Interest payable and similar charges	6	(76)	(49)
(Loss)/profit on ordinary activities before taxation		(36,922)	17,148
Tax on (loss)/profit on ordinary activities	7	(6,337)	(5,156)
Retained (loss)/profit for the financial year	12	(43,259)	11,992

The notes on pages 6 to 12 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.

IGE USA Group Limited

Balance sheet at 31 December 2004

	Note	2004 £000	2003 £000
Fixed assets			
Investments	8	914,720	998,192
Current assets			
Debtors	9	467,588	424,996
Creditors: amounts falling due within one year	10	(11,081)	(8,702)
Net current assets		456,507	416,294
Net assets		1,371,227	1,414,486
Capital and reserves			
Called up share capital	11	970,032	970,032
Share premium	12	87,773	87,773
Profit and loss account	12	313,422	356,681
Shareholders' funds			
Equity		971,911	1,015,170
Non-equity		399,316	399,316
Total shareholders' funds	12	1,371,227	1,414,486

The notes on pages 6 to 12 form part of these financial statements.

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

15 November

2005

RG Clark

RG Clark
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 company's financial statements.

(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 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.

(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.

IGE USA Group Limited

Notes

(continued)

(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.

2. Operating loss

	2004 £000	2003 £000
Operating loss is stated after charging:		
Auditors' remuneration	14	2

2004 Administrative expenses include £93,825 which relates to legal services received in 2003.

3. Directors' emoluments

None of the directors of the company received any emoluments during the year (2003: £nil).

4. Staff numbers and costs

The company had no employees during the year (2003: nil).

5. Interest receivable and similar income

	2004 £000	2003 £000
On amounts owed by group undertakings	21,266	17,253

6. Interest payable and similar charges

	2004 £000	2003 £000
On amounts owed to group undertakings	76	49

IGE USA Group Limited

Notes

(continued)

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

a) Analysis of charge in the year

	2004 £000	2003 £000
UK corporation tax at 30% (2003: 30%)	6,337	5,156

b) Factors affecting current tax charge in year

	2004 £000	2003 £000
(Loss)/profit on ordinary activities before tax	(36,922)	17,149
Tax (credit)/charge on (loss)/profit on ordinary activities at UK standard rate of 30% (2003: 30%)	(11,076)	5,145
Effects of:		
Expenses not deductible for tax purposes (investment impairment)	17,413	11
Total current tax charge for the year	6,337	5,156

There were no amounts of provided or unprovided deferred taxation as at 31 December 2004 or 31 December 2003.

IGE USA Group Limited

Notes

(continued)

8. Investments

	Shares in subsidiary undertakings £000
Cost	
At beginning of year	998,192
Additions	25,483
Return of capital from subsidiary	(25,483)
Disposal	(25,483)
	<hr/>
At end of year	972,709
	<hr/>
Provision	
At beginning of year	-
Created in the year	57,989
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At end of year	57,989
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Net book value	
At 31 December 2004	914,720
	<hr/>
At 31 December 2003	998,192
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On 30 April 2004 International General Electric (USA), a wholly owned subsidiary of the company, reduced its paid up share capital by £405,897,556 by the cancellation of 70,308,187 ordinary shares of £1 each, 35,589,369 "Y" shares of £1 each and 300,000,000 redeemable ordinary shares of £1 each. The subsidiary utilised £139,522,184 of the £405,897,556 to eliminate the deficit on its profit and loss account reserves, £240,891,832 was considered as a share cancellation reserve and the balance of £25,483,540 was returned to IGE USA Group Limited by the transfer of the subsidiary's investment in NBC (UK) Holdings Limited. On the same date the company sold its investment in NBC (UK) Holdings Limited to GE Capital International Holdings Corporation for £25,483,540 in cash.

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Notes (continued)

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

	2004 £000	2003 £000
Amounts owed by group undertakings	467,588	424,996

10. Creditors: amounts falling due within one year

	2004 £000	2003 £000
Amounts owed to group undertakings	6,244	4,682
Corporation tax	4,816	4,015
Accruals and deferred income	21	5
	11,081	8,702

IGE USA Group Limited

Notes

(continued)

11. Called up share capital

	2004 £000	2003 £000
<i>Authorised</i>		
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/>
<i>Allotted, called up and fully paid</i>		
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/>

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

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

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

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Notes

(continued)

12. Shareholders' funds

Movements in shareholders' funds were as follows:

	Share Capital £000	Share premium account £000	Profit and loss account £000	2004 Share- holders' funds £000	2003 Share- holders' Funds £000
At beginning of year	970,032	87,773	356,681	1,414,486	1,402,494
Retained (loss)/profit for the year	-	-	(43,259)	(43,259)	11,992
At end of year	970,032	87,773	313,422	1,371,227	1,414,486

Shareholders' funds are apportioned as follows:

	Equity £000	2004 Non- equity £000	Total £000	Equity £000	2003 Non- Equity £000	Total £000
Ordinary shares of £1 each	971,911	-	971,911	1,015,170	-	1,015,170
'Y' shares of £1 each	-	99,316	99,316	-	99,316	99,316
Redeemable shares of £1 each	-	300,000	300,000	-	300,000	300,000
	971,911	399,316	1,371,227	1,015,170	399,316	1,414,486

13. Parent undertakings

The company's immediate parent undertaking is IGE USA Investments, as 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 3rd Floor, 1 Trevelyan Square, Boar Lane, Leeds LS1 6HP.

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