

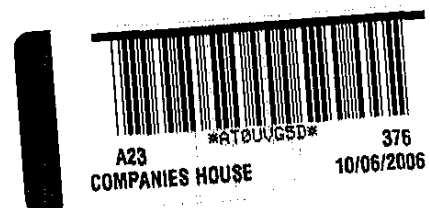
COMPANIES HOUSE

Registered number: 3535936

LINVATEC (UK) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 DECEMBER 2005**



LINVATEC (UK) LIMITED

COMPANY INFORMATION

DIRECTORS	J J Corasanti E R Corasanti
SECRETARY	J Corasanti
COMPANY NUMBER	3535936
REGISTERED OFFICE	73/74 Shrivenham Hundred Business Park Shrivenham Swindon Wiltshire SN6 8TY
AUDITORS	Horwath Clark Whitehill LLP Chartered Accountants & Registered Auditors Carrick House Lypiatt Road Cheltenham Gloucestershire GL50 2QJ

LINVATEC (UK) LIMITED

DIRECTORS' REPORT For the year ended 31 December 2005

The directors present their report and the financial statements for the year ended 31 December 2005.

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 of the company for that period. 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;
- 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 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.

In determining how amounts are presented within items in the profit and loss account and balance sheet, the directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The company's principal activity during the year was the supply of medical equipment.

The directors are satisfied with the results for the year. The company has continued to expand its range of products, and the directors are confident that the business will increase in profitability.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £536,618 (2004 - £320,633) .

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors who served during the year were:

J J Corasanti
E R Corasanti

ADDITIONAL INFORMATION RE DIRECTORS

The directors beneficial holdings in the group are disclosed in the notes to the accounts of the ultimate parent company, CONMED Corporation.

No rights to subscribe for shares in the company were issued or granted to the directors during the year.

LINVATEC (UK) LIMITED

DIRECTORS' REPORT
For the year ended 31 December 2005

AUDITORS

The auditors, Horwath Clark Whitehill LLP, 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 12/01/05.

This report was approved by the board on 12.05.06 and signed on its behalf.

Director

A handwritten signature in black ink, appearing to be 'J. H. T.', written over the word 'Director'.

LINVATEC (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LINVATEC (UK) LIMITED

We have audited the financial statements of Linvatec (UK) Limited for the year ended 31 December 2005 set out on pages 4 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom 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.

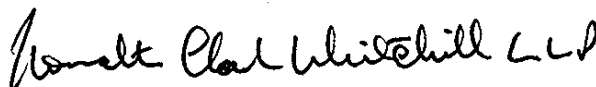
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

UNQUALIFIED 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 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

Horwath Clark Whitehill LLP
Chartered Accountants
Registered Auditors
Carrick House
Lypiatt Road
Cheltenham
Gloucestershire
GL50 2QJ



15 May 2006

LINVATEC (UK) LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2005

	Note	2005 £	2004 £
TURNOVER	1, 2	15,267,720	13,320,354
Cost of sales		<u>(11,165,391)</u>	<u>(10,122,077)</u>
GROSS PROFIT		4,102,329	3,198,277
Selling and distribution costs		(2,129,941)	(1,593,369)
Administrative expenses		<u>(1,243,166)</u>	<u>(1,034,588)</u>
OPERATING PROFIT	3	729,222	570,320
Interest receivable		7,567	3,955
Interest payable	5	<u>(987)</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		735,802	574,275
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	<u>(199,184)</u>	<u>(253,642)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		536,618	320,633
RETAINED PROFIT BROUGHT FORWARD		<u>2,202,213</u>	<u>1,881,580</u>
RETAINED PROFIT CARRIED FORWARD		<u><u>2,738,831</u></u>	<u><u>2,202,213</u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2005 or 2004 other than those included in the profit and loss account.

The notes on pages 7 to 14 form part of these financial statements.

LINVATEC (UK) LIMITED

BALANCE SHEET
As at 31 December 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Tangible fixed assets	7	1,314,153	1,546,720
CURRENT ASSETS			
Stocks	8	182,407	129,950
Debtors	9	2,620,960	1,972,946
Cash at bank and in hand		156,713	353
		<u>2,960,080</u>	<u>2,103,249</u>
CREDITORS: amounts falling due within one year	10	<u>(1,320,170)</u>	<u>(1,371,754)</u>
NET CURRENT ASSETS		<u>1,639,910</u>	<u>731,495</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,954,063</u>	<u>2,278,215</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	11	-	(76,000)
NET ASSETS		<u><u>2,954,063</u></u>	<u><u>2,202,215</u></u>
CAPITAL AND RESERVES			
Called up share capital	12	215,232	2
Profit and loss account		2,738,831	2,202,213
SHAREHOLDERS' FUNDS - All Equity	13	<u><u>2,954,063</u></u>	<u><u>2,202,215</u></u>

The financial statements were approved by the board on 12.05.06 and signed on its behalf.

Director *Eugene R. Corcoran*

The notes on pages 7 to 14 form part of these financial statements.

LINVATEC (UK) LIMITED

CASH FLOW STATEMENT
For the year ended 31 December 2005

	Note	2005 £	2004 £
Net cash flow from operating activities	14	682,738	561,532
Returns on investments and servicing of finance	15	6,580	3,955
Taxation		(257,367)	(248,642)
Capital expenditure and financial investment	15	(430,326)	(373,929)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		<u>1,625</u>	<u>(57,084)</u>
Financing	15	215,230	-
INCREASE/(DECREASE) IN CASH IN THE YEAR		<u><u>216,855</u></u>	<u><u>(57,084)</u></u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 16)
For the year ended 31 December 2005

	2005 £	2004 £
Increase/(Decrease) in cash in the year	216,855	(57,084)
MOVEMENT IN NET DEBT IN THE YEAR	<u>216,855</u>	<u>(57,084)</u>
Net debt at 1 January 2005	(60,142)	(3,058)
NET FUNDS/(DEBT) AT 31 DECEMBER 2005	<u><u>156,713</u></u>	<u><u>(60,142)</u></u>

The notes on pages 7 to 14 form part of these financial statements.

LINVATEC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2005

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 in the United Kingdom.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Short term leasehold property	-	Lesser of 5 years or period of lease
Hire equipment	-	Over 5 years
Fixtures and equipment	-	25-33% straight line

1.4 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on the straight line basis over the lease term.

1.5 Stocks

Spares stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Costs includes all direct costs, transportation and duties.

1.6 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the 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 differences are taken into account in arriving at the operating profit.

1.7 Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

1.8 Pensions

The company does not operate a company pension scheme. For the employees the company makes contributions on their behalf to individual personal pension plans. The company's share of contributions is charged against profits as they arise.

LINVATEC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005

2. TURNOVER

The whole of the turnover is attributable to the principal activity.

A geographical analysis of turnover is as follows:

	2005 £	2004 £
Sales - UK	14,792,985	12,896,055
Sales - Other EU	410,017	424,299
Sales - Rest of world	64,718	-
	<u>15,267,720</u>	<u>13,320,354</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	2005 £	2004 £
Depreciation of tangible fixed assets:		
- owned by the company	662,806	594,191
Auditors' remuneration	8,000	7,000
Operating lease rentals:		
- other operating leases	167,004	124,341
Difference on foreign exchange	104,755	(271,435)
	<u>942,565</u>	<u>554,057</u>

During the year, no director received any emoluments (2004 - £nil).

4. STAFF COSTS

Staff costs were as follows:

	2005 £	2004 £
Wages and salaries	1,734,676	1,428,633
Social security costs	200,663	152,816
Other pension costs	117,872	102,117
	<u>2,053,211</u>	<u>1,683,566</u>

The average monthly number of employees, including directors, during the year was as follows:

	2005	2004
Sales	26	20
Repairs	9	9
Administration	11	11
	<u>46</u>	<u>40</u>

LINVATEC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005

5. INTEREST PAYABLE

	2005 £	2004 £
Other interest payable	987	-

6. TAXATION

	2005 £	2004 £
Analysis of tax charge in year		
Current tax (see note below)		
UK corporation tax charge on profits of the year	308,817	267,684
Adjustments in respect of prior periods	(33,633)	(14,042)
Total current tax	275,184	253,642
Deferred tax		
Origination and reversal of timing differences	(76,000)	-
Total deferred tax (see note 11)	(76,000)	-
Tax on profit on ordinary activities	199,184	253,642

Factors affecting tax charge for year

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

	2005 £	2004 £
Profit on ordinary activities before tax	735,802	574,275
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 30% (2004 - 30)	220,741	172,283
Effects of:		
Transfer from deferred taxation in respect of current period	(76,000)	-
Expenses not deductible for tax purposes	24,333	14,127
Depreciation in excess of capital allowances	63,743	41,957
Deferred taxation not adjusted	-	39,317
Adjustments to tax charge in respect of prior periods	(33,633)	(14,042)
Current tax charge for year (see note above)	199,184	253,642

There were no factors that may affect future tax charges.

LINVATEC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005

7. TANGIBLE FIXED ASSETS

	Short term leasehold land and buildings £	Hire Equipment £	Fixtures and equipment £	Total £
Cost				
At 1 January 2005	219,710	3,263,811	315,355	3,798,876
Additions	5,616	396,893	27,909	430,418
Disposals	-	-	(9,923)	(9,923)
At 31 December 2005	<u>225,326</u>	<u>3,660,704</u>	<u>333,341</u>	<u>4,219,371</u>
Depreciation				
At 1 January 2005	131,438	1,920,977	199,741	2,252,156
Charge for the year	44,239	559,587	58,980	662,806
On disposals	-	-	(9,744)	(9,744)
At 31 December 2005	<u>175,677</u>	<u>2,480,564</u>	<u>248,977</u>	<u>2,905,218</u>
Net book value				
At 31 December 2005	<u>49,649</u>	<u>1,180,140</u>	<u>84,364</u>	<u>1,314,153</u>
At 31 December 2004	<u>88,272</u>	<u>1,342,834</u>	<u>115,614</u>	<u>1,546,720</u>

8. STOCKS

	2005 £	2004 £
Spare parts	<u>182,407</u>	<u>129,950</u>

9. DEBTORS

	2005 £	2004 £
Due within one year		
Trade debtors	2,472,287	1,849,860
Other debtors	37,807	34,606
Prepayments and accrued income	110,866	88,480
	<u>2,620,960</u>	<u>1,972,946</u>

LINVATEC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005

10. CREDITORS:
Amounts falling due within one year

	2005 £	2004 £
Bank loans and overdrafts	-	60,495
Trade creditors	41,845	67,366
Amounts owed to group undertakings	470,864	604,519
Corporation tax	169,817	152,000
Social security and other taxes	553,773	419,890
Accruals and deferred income	83,871	67,484
	<u>1,320,170</u>	<u>1,371,754</u>

11. DEFERRED TAXATION

	2005 £	2004 £
At 1 January 2005	76,000	76,000
Released during the year	(76,000)	-
	<u>-</u>	<u>76,000</u>
At 31 December 2005	-	76,000

The deferred tax provision is made up as follows:

	2005 £	2004 £
Fixed asset timing differences	-	76,000
	<u>-</u>	<u>76,000</u>

12. SHARE CAPITAL

	2005 £	2004 £
Authorised		
216,230 Ordinary shares of £1 each	216,230	1,000
Allotted, called up and fully paid		
215,232 Ordinary shares of £1 each	215,232	2

The company increased its authorised share capital by 215,230 Ordinary shares of £1 each by way of an Ordinary Resolution dated 1 December 2005.

During the year the company allotted 215,230 Ordinary shares of £1 each and received consideration of £215,230. The new shares rank alongside previously allotted shares in all respects.

LINVATEC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
Profit for the year	536,618	320,633
Shares issued during the year	215,230	-
	<u>751,848</u>	<u>320,633</u>
Opening shareholders' funds	2,202,215	1,881,582
Closing shareholders' funds	<u>2,954,063</u>	<u>2,202,215</u>

14. NET CASH FLOW FROM OPERATING ACTIVITIES

	2005 £	2004 £
Operating profit	729,222	570,320
Depreciation of tangible fixed assets	662,806	594,191
Loss on disposal of tangible fixed assets	87	-
Increase in stocks	(52,457)	(13,144)
Increase in debtors	(648,014)	(471,078)
Increase in creditors	124,749	160,125
Decrease in amounts owed to group undertakings	(133,655)	(278,882)
NET CASH INFLOW FROM OPERATIONS	<u>682,738</u>	<u>561,532</u>

15. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2005 £	2004 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	7,567	3,955
Interest paid	(987)	-
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>6,580</u>	<u>3,955</u>
	2005 £	2004 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(430,418)	(373,929)
Sale of tangible fixed assets	92	-
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	<u>(430,326)</u>	<u>(373,929)</u>

LINVATEC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005

15. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT
(continued)

	2005 £	2004 £
FINANCING		
Issue of ordinary shares	215,230	-

16. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2005 £	Cash flow £	Other non-cash changes £	31 December 2005 £
Cash at bank and in hand:	353	156,360	-	156,713
Bank overdraft	(60,495)	60,495	-	-
NET (DEBT)/FUNDS	(60,142)	216,855	-	156,713

17. OPERATING LEASE COMMITMENTS

At 31 December 2005 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2005 £	2004 £	Other 2005 £	2004 £
Expiry date:				
Within 1 year	-	-	21,098	-
Between 2 and 5 years	17,300	15,900	91,762	83,596
After more than 5 years	51,360	45,000	-	-

18. RELATED PARTY TRANSACTIONS

During the year Linvatec (UK) Limited had the following transactions with CONMED Corporation, a company registered in the USA, which is deemed to be related, as it is the ultimate parent company.

	2005 £	2004 £
Material purchases	10,840,455	9,618,652
Sales	474,735	333,103

At the year end Linvatec (UK) Limited owed CONMED Corporation £470,864 (2004 - £604,519). This balance is included within creditors amounts falling due within one year.

LINVATEC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent company is CONMED Corporation, a company registered in New York, USA. A copy of that company's accounts can be obtained from CONMED Corporation, 525 french Roadt, Utica, New York 13502, USA.