

# Altair Filter Technology Limited

## Directors' report and financial statements

For the year ended 31 December 2007

Registered number 00880172

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# Altair Filter Technology Limited

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# Altair Filter Technology Limited

## Directors' report

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

### Principal activities

The principal activity of the company is the design and manufacture of air filtration and noise control equipment

### Business review

The results for the company show a pre-tax profit of £6.29 million (11 months ended 31 December 2006: £2.46 million) for the year and sales of £29.50 million (11 months ended 31 December 2006: £14.92 million)

The company has net assets of £12.26 million (11 months ended 31 December 2006: £7.13 million) of which £11.14 million (11 months ended 31 December 2006: £6.48 million) is due from fellow GE Companies

### Future outlook

The external commercial environment is expected to remain strong in 2008, as the demand for turbines and associated air filters continues to be strong around the world. Therefore, we remain confident that we will maintain our competitive position.

### Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition from other companies within the UK or elsewhere in the world within the air filtration and noise control sector, and legislative changes regarding power generation emissions.

### Key performance indicators

We have made significant progress in the year on the company's overriding objective and key elements of our strategy for growth. Performance during the year, together with historical trend data is set out in the table below.

	2007	2006	Definition, method of calculation
<b>Growth/(decrease) in sales (%)</b>	97.8%	(8.6)%	Year on year sales movement expressed as a percentage. The year on year increase was in line with our expectations.
<b>Gross margin (%)</b>	48.1%	60.4%	Gross margin is the ratio of gross profit to sales expressed as a percentage. Gross margin has deteriorated in the year but remains consistent with the expectations.
<b>Return on invested capital (%)</b>	49.6%	33.8%	Operating profit expressed as a percentage of net assets. Return on invested capital is in line with our expectations.

### Research and development

We continue to invest in the development of our filters and noise control equipment. The directors regard the investment in research and development as integral to the continuing success of the business.

# Altair Filter Technology Limited

## Directors' report

### Results and dividends

The profit for the year, after taxation, amounted to £5,127,000 (11 months ended 31 December 2006 £1,714,000)

The directors do not recommend the payment of a dividend (11 months ended 31 December 2006 £nil)

### Directors

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

A M Clark

P D Everett (appointed 18 January 2008)

H A Wake

J J Keenan (resigned 24 October 2007)

### Political and charitable contributions

The company made charitable donations during the period of £nil (11 months ended 31 December 2006 £100)

### Provision of information to auditors

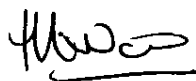
Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- 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, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985

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



H A Wake  
Director

Date 27 June 2008 .

2 The Arena  
Downshire Way  
Bracknell  
Berkshire  
RG12 1PU

# Altair Filter Technology 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.



## **KPMG Audit Plc**

Arlington Business Park

Theale

Reading

RG7 4SD

United Kingdom

### **Independent auditors' report to the members of Altair Filter Technology Limited**

We have audited the financial statements of Altair Filter Technology 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 under 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 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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK 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.

**Independent auditors' report to the members of Altair Filter Technology Limited** *(continued)*

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit 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

30/6/2008

# Altair Filter Technology Limited

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

		<b>Year ended 31 December 2007 £000</b>	<b>11 months ended 31 December 2006 £000</b>
	<b>Note</b>		
<b>Turnover</b>	<b>2</b>	<b>29,500</b>	<b>14,915</b>
Cost of sales		<b>(15,310)</b>	<b>(5,920)</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>14,190</b>	<b>8,995</b>
Selling and distribution costs		<b>(853)</b>	<b>(959)</b>
Administrative expenses		<b>(7,358)</b>	<b>(5,202)</b>
Other operating income		<b>99</b>	<b>(480)</b>
		<hr/>	<hr/>
<b>Operating profit</b>	<b>3</b>	<b>6,078</b>	<b>2,354</b>
Interest receivable and similar income	<b>6</b>	<b>240</b>	<b>121</b>
Interest payable and similar charges	<b>7</b>	<b>(28)</b>	<b>(13)</b>
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>6,290</b>	<b>2,462</b>
Tax on profit on ordinary activities	<b>8</b>	<b>(1,163)</b>	<b>(748)</b>
		<hr/>	<hr/>
<b>Profit on ordinary activities after taxation</b>	<b>17</b>	<b>5,127</b>	<b>1,714</b>
		<hr/>	<hr/>

All amounts relate to continuing operations

There were no recognised gains and losses for 2007 or 11 months ended 31 December 2006 other than those included in the profit and loss account

The notes on pages 8 to 21 form part of these financial statements



# Altair Filter Technology Limited

## Balance sheet as at 31 December 2007

	Note	£000	2007 £000	£000	2006 £000
<b>Fixed assets</b>					
Tangible fixed assets	9		854		854
Fixed asset investments	10		1		1
			<u>855</u>		<u>855</u>
<b>Current assets</b>					
Stocks	11	4,057		788	
Debtors	12	15,323		8,599	
Cash at bank and in hand		29		-	
		<u>19,409</u>		<u>9,387</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(7,975)</u>		<u>(3,089)</u>	
<b>Net current assets</b>			<u>11,434</u>		<u>6,298</u>
<b>Total assets less current liabilities</b>			<u>12,289</u>		<u>7,153</u>
<b>Creditors: amounts falling due after more than one year</b>	14		(4)		(22)
<b>Provisions for liabilities</b>					
Provisions for liabilities	15		(21)		-
<b>Net assets</b>			<u>12,264</u>		<u>7,131</u>
<b>Capital and reserves</b>					
Called up share capital	16		3		3
Other reserves	17		25		19
Profit and loss account	17		12,236		7,109
<b>Shareholders' funds</b>	18		<u>12,264</u>		<u>7,131</u>

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



**H A Wake**  
Director

Date 27 June 2008.

The notes on pages 8 to 21 form part of these financial statements

# Altair Filter Technology 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 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

#### 1.4 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:

Plant & machinery	-	15% straight line
Motor vehicles	-	33% straight line
Fixtures & fittings	-	20% straight line
Tools and electrical equipment	-	10%-33% straight line

#### 1.5 Investments

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

#### 1.6 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

#### 1.7 Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

# Altair Filter Technology Limited

## Notes to the financial statements

### 1. Accounting policies (continued)

#### 1.8 Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

#### 1.9 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.

#### 1.10 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.

#### 1.11 Research and development

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project.

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the profit and loss account.

# Altair Filter Technology Limited

## Notes to the financial statements

### 1 Accounting policies (continued)

#### 1.12 Share based payments

Share options and restricted units over the shares of General Electric Company, the ultimate parent entity are granted to certain employees and executives of the company. The fair value of options and units granted is recognised as an employee expense with a corresponding increase in equity.

The fair value is measured at grant date using the Black-Scholes option pricing model, and is recognised as an expense over the period the employees become unconditionally entitled to the options/units. The amount recognised as an expense is adjusted to reflect the actual number of options/units expected to vest. Any recharges by the ultimate parent entity are offset against reserves.

In addition the company has established an employee share ownership scheme, under which employees are able to acquire a number of shares in the ultimate parent company, General Electric Company, with the company matching the employees' purchases. Such shares are purchased monthly in the market and held by the trustees until distribution to the employees in accordance with the rules of the scheme. The company's costs of these purchases are charged to the profit and loss account as incurred.

#### 1.13 Pensions

The company operated two defined contribution pension schemes. The assets of both schemes were held separately from those of the company in independently administered funds. The amount charged to profit and loss account represents contributions payable to the scheme in respect of the accounting period.

#### 1.14 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.

### 2. Turnover

A geographical analysis of turnover is as follows

	Year ended 31 December 2007 £000	11 months ended 31 December 2006 £000
United Kingdom	3,655	2,582
Rest of European Union	10,427	3,661
Rest of world	15,418	8,672
	<b>29,500</b>	<b>14,915</b>

# Altair Filter Technology Limited

## Notes to the financial statements

### 3. Operating profit

The operating profit is stated after charging/(crediting)

	Year ended 31 December 2007 £000	11 months ended 31 December 2006 £000
Depreciation of tangible fixed assets		
- owned by the company	323	277
- held under finance leases	20	20
Operating lease rentals		
- plant and machinery	21	15
Difference on foreign exchange	(99)	480
Research and development expenditure	578	342
	<u>          </u>	<u>          </u>

During the year no director received any emoluments (11 months ended 31 December 2006 £nil)

### 4 Staff costs

Staff costs were as follows

	Year ended 31 December 2007 £000	11 months ended 31 December 2006 £000
Wages and salaries	3,000	2,234
Social security costs	307	231
Other pension costs	-	178
	<u>          </u>	<u>          </u>
	<u>3,307</u>	<u>2,643</u>

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

	Year ended 31 December 2007 No.	11 months ended 31 December 2006 No
Engineering	40	40
Production	30	30
Sales and distribution	12	12
Administration	17	17
	<u>          </u>	<u>          </u>
	<u>99</u>	<u>99</u>

# Altair Filter Technology Limited

## Notes to the financial statements

### 5. Auditors' remuneration

	Year ended 31 December 2007 £000	11 months ended 31 December 2006 £000
Fees payable to the company's auditor for the audit of the company's annual accounts	52	40

### 6. Interest receivable and similar income

	Year ended 31 December 2007 £000	11 months ended 31 December 2006 £000
Interest receivable from group companies	236	42
Other interest receivable	4	79
	240	121

### 7. Interest payable and similar charges

	Year ended 31 December 2007 £000	11 months ended 31 December 2006 £000
On other loans	23	5
On finance leases and hire purchase contracts	5	8
	28	13

# Altair Filter Technology Limited

## Notes to the financial statements

### 8. Taxation

	Year ended 31 December 2007 £000	11 months ended 31 December 2006 £000
<b>Analysis of tax charge in the year</b>		
<b>Current tax (see note below)</b>		
UK corporation tax charge on profit for the year	1,915	779
Adjustments in respect of prior periods	(779)	-
<b>Total current tax</b>	<b>1,136</b>	<b>779</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(25)	(32)
Effect of decreased tax rate on opening liability	(1)	-
	(26)	(32)
Adjustment in respect of prior periods	53	1
<b>Total deferred tax (see note 15)</b>	<b>27</b>	<b>(31)</b>
<b>Tax on profit on ordinary activities</b>	<b>1,163</b>	<b>748</b>

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (11 months ended 31 December 2006 higher than) the standard rate of corporation tax in the UK (30%). The differences are explained below

	Year ended 31 December 2007 £000	11 months ended 31 December 2006 £000
Profit on ordinary activities before tax	6,290	2,462
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (11 months ended 31 December 2006 30%)	1,887	739
<b>Effects of:</b>		
Depreciation in excess of capital allowances	25	32
Other non deductible expenses	3	8
Adjustments to tax charge in respect of prior periods	(779)	-
<b>Current tax charge for the year (see note above)</b>	<b>1,136</b>	<b>779</b>

# Altair Filter Technology Limited

## Notes to the financial statements

### 8. Taxation (continued)

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

Deferred tax assets and liabilities on all timing differences have been calculated at 28%, being the rate of UK corporation tax effective from 1 April 2008, including those expected to reverse in the year ended 31 December 2008 (the effective rate for which would otherwise be 28.5%). The impact of this on the financial statements is not considered to be material.

### 9. Tangible fixed assets

	Plant and machinery £000	Motor vehicles £000	Furniture, fittings, tools and equipment £000	Total £000
<b>Cost</b>				
At 1 January 2007	967	22	1,214	2,203
Additions	223	-	120	343
At 31 December 2007	<u>1,190</u>	<u>22</u>	<u>1,334</u>	<u>2,546</u>
<b>Depreciation</b>				
At 1 January 2007	607	16	726	1,349
Charge for the year	227	6	110	343
At 31 December 2007	<u>834</u>	<u>22</u>	<u>836</u>	<u>1,692</u>
<b>Net book value</b>				
At 31 December 2007	<u>356</u>	<u>-</u>	<u>498</u>	<u>854</u>
At 31 December 2006	<u>360</u>	<u>6</u>	<u>488</u>	<u>854</u>

Included within amounts for plant and machinery, motor vehicles, fixtures fittings, tools and equipment are assets held under finance leases and hire purchase contracts with a net book value of £74,389 (2006 £91,760).

Depreciation charged to the profit and loss account during the period in respect of assets held under finance leases and hire purchase contracts was £20,000 (11 months ended 31 December 2006 £20,000).

### 10. Fixed asset investments

	Shares in group undertakings £000
<b>Cost</b>	
At 1 January 2007 and 31 December 2007	<u>1</u>



# Altair Filter Technology Limited

## Notes to the financial statements

### 10. Fixed asset investments (continued)

The company holds 100% of the ordinary shares of Zellinger & Zollenberg Limited, which is registered in England and Wales and is a dormant company

### 11. Stocks

	2007 £000	2006 £000
Raw materials	2,784	569
Work in progress	1,273	219
	<u>4,057</u>	<u>788</u>

### 12 Debtors

	2007 £000	2006 £000
Trade debtors	1,896	1,616
Amounts owed by group undertakings	11,661	6,658
Other taxes and social security	1,262	-
Other debtors	312	288
Prepayments and accrued income	151	23
Amounts recoverable on long term contracts	41	8
Deferred tax asset (see note 15)	-	6
	<u>15,323</u>	<u>8,599</u>

### 13 Creditors.

#### Amounts falling due within one year

	2007 £000	2006 £000
Bank loans and overdrafts	-	6
Net obligations under finance leases and hire purchase contracts	16	16
Trade creditors	4,347	1,164
Amounts owed to group undertakings	516	174
Corporation tax	1,915	915
Social security and other taxes	-	79
Other creditors	15	62
Accruals and deferred income	1,166	673
	<u>7,975</u>	<u>3,089</u>

# Altair Filter Technology Limited

## Notes to the financial statements

### 14. Creditors: Amounts falling due after more than one year

	2007 £000	2006 £000
Net obligations under finance leases and hire purchase contracts	4	22

### 15. Deferred taxation

	2007 £000	2006 £000
At 1 January 2007	6	(25)
(Charge)/credit during the year	(27)	31
At 31 December 2007	(21)	6

The deferred taxation balance is made up as follows

	2007 £000	2006 £000
Accelerated capital allowances	(21)	(43)
Short term timing differences	-	49
	(21)	6

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

### 16. Share capital

	2007 £000	2006 £000
<b>Authorised, allotted, called up and fully paid</b>		
1,000 ordinary shares of £1 each	1	1
2,000 deferred ordinary shares of £1 each	2	2
	3	3

The rights attaching to the company's shares are detailed in the Articles of Association. The deferred ordinary shares have no right to participate in any dividend declared by the company, very limited participation on winding up and no voting rights.

# Altair Filter Technology Limited

## Notes to the financial statements

### 17 Reserves

	Other reserves £000	Profit and loss account £000
At 1 January 2007	19	7,109
Profit for the year	-	5,127
Equity compensation expense recognised during the year	6	-
	<u>25</u>	<u>12,236</u>
At 31 December 2007	<u>25</u>	<u>12,236</u>

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

	2007 £000	2006 £000
Opening shareholders' funds	7,131	5,398
Profit for the year	5,127	1,714
Equity share based equity reserve	6	19
	<u>12,264</u>	<u>7,131</u>
Closing shareholders' funds	<u>12,264</u>	<u>7,131</u>

### 19 Pension commitments

The company operated two defined contribution pension schemes. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £nil (11 months ended 31 December 2006 £178,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

# Altair Filter Technology Limited

## Notes to the financial statements

### 20. Operating lease commitments

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as follows

	<b>Plant and Machinery</b>	
	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
<b><i>Expiry date</i></b>		
Within 1 year	<b>1</b>	-
Between 2 and 5 years	<b>33</b>	-
	<b>34</b>	<b>-</b>

### 21 Finance lease commitments

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
<b><i>Analysis of debt</i></b>		
Within 1 year	<b>16</b>	16
Between 2 and 5 years	<b>4</b>	22
	<b>20</b>	<b>38</b>

# Altair Filter Technology Limited

## Notes to the financial statements

### 22. Share based payments

Certain employees of the company are selected to participate in share options and restricted units of General Electric Company under the terms of the General Electric Company Long Term Incentive Plan. Share options expire 10 years from grant date and vest over service periods ranging from one to five years. The option price is usually set as the closing day share price on grant date. Restricted units give the participants the right to receive shares in General Electric Company for no consideration. Restricted units vest over various service periods beginning three years from grant date through to grantee retirement. All grants of GE options under all plans must be approved by the Management Development and Compensation Committee of General Electric Company, which consists entirely of outside directors.

The recognition and measurement principles in FRS 20 have not been applied to share options granted before 7 November 2002.

#### (a) Share options

The number and weighted average exercise price of share options is as follows

	2007 Weighted average exercise price £	2007 Number of options No	2006 Weighted average exercise price £	2006 Number of options No
Outstanding at the beginning of the year	19.13	22,250	21.83	2,600
Granted during the year	-	-	19.07	19,800
Forfeited during the year	-	-	23.58	(3,000)
Exercised during the year	21.55	(400)	-	-
Employee transfers	18.74	(4,500)	21.80	2,850
Outstanding at the end of the year	19.18	17,350	19.13	22,250
	2007 Weighted average exercise price £	2007 Number of options No	2006 Weighted average exercise price £	2006 Number of options No
Exercisable at the end of the year	20.23	4,990	23.15	2,020
For share options exercised during the year weighted average share price on date of exercise		£ 27.03		£ -
	Minimum £	Maximum £	Minimum £	Maximum £
Range of exercise price for outstanding options	16.94	30.67	16.94	30.67
		Years		Years
Weighted average remaining contractual life of outstanding options in years		7.84		8.90

# Altair Filter Technology Limited

## Notes to the financial statements

### 22 Share based payments (continued)

#### Fair value for options granted

The fair value at grant date is determined using the Black-Scholes option pricing method. The key assumptions used in calculating the fair value of share options granted are detailed below:

	2007	2006
Weighted average fair value at measurement date	-	£4.70
Share price	-	£19.07
Exercise price	-	£19.07
Expected volatility (weighted average volatility)	-	25.40%
Option life (expected weighted average life)	-	6.19 years
Expected dividends	-	2.94%
Risk free interest rate (based on government bonds)	-	4.97%

The expected volatility was based on historical volatility.

The grants are subject to service conditions. Such conditions are not taken into account in the determination of the grant date fair value.

#### (b) Restricted units

The number of restricted units is as follows:

	2007 Number	2006 Number
Outstanding at the beginning of the year	134	67
Granted during the year	-	67
Exercised during the year	(33)	-
Outstanding at the end of the year	<u>101</u>	<u>134</u>
Exercisable at the end of the year	-	-
For RSUs exercised during the year weighted average share price on date of exercise	20.82	-
Weighted average remaining contractual life of outstanding restricted units	7.65 years	8.34 years

#### Fair value of restricted units

The fair value of restricted units is calculated as the closing day share price on grant date.

The grants are subject to service conditions. Such conditions are not taken into account in the determination of the grant date fair value.

	2007	2006
Weighted average fair value at measurement date for RSU granted during the year	-	19.03

# Altair Filter Technology Limited

## Notes to the financial statements

### 22. Share base payments (continued)

#### (c) Expenses arising from share based payment transactions

	2007 £000	2006 £000
Share options	6	18
Restricted units	-	1
	<hr/>	<hr/>
	6	19
	<hr/>	<hr/>

### 23 Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Altair Filter Technology Group Limited, 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 its 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, USA or at [www.ge.com](http://www.ge.com)