

Haemonetics Limited

Report and Financial Statements

1 April 2005



nited

Registered NO. 1231087

Directors

R J Ryan
B Bentley
M Diemer

Secretary

B Bentley

Auditors

Ernst & Young LLP
Cloth Hall Court
14 King Street
Leeds
LS1 2JN

Registered office

Beechwood House
Beechwoods Estate
Elmete Lane
Roundhay
Leeds
LS8 2LQ

 **ERNST & YOUNG**

Directors' report

The directors present their report and financial statements for the year ended 1 April 2005.

Results and dividends

The profit for the year, after taxation, amounted to £278,477. The directors do not recommend the payment of any dividends.

Principal activities, review of the business and future developments

The principal activity of the company is the marketing of blood processing equipment and disposables with full after sales services.

The directors consider the results of the year to be satisfactory.

The directors expect that the present level of activity will be sustained for the foreseeable future

Directors

The directors who served the company during the year were as follows:

R J Ryan
D J Bee (resigned 18 April 2005)
B Bentley

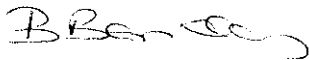
There are no directors' interests requiring disclosure under the Companies Act 1985.

Subsequent to the year end, the following was appointed as a director of the company:
M Diemer (appointed 27 April 2005)

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



B Bentley
Secretary

4/5/ 2006

Statement of directors' responsibilities in respect of the financial statements

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; 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 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.

Independent auditors' report

to the members of Haemonetics Limited

We have audited the company's financial statements for the year ended 1 April 2005 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 20. These financial statements have been prepared on the basis of 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 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

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 United Kingdom 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 judgements 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 Haemonetics Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 1 April 2005 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Leeds

5 May 2006

Profit and loss account

for the year ended 1 April 2005

	Notes	2005 £	2004 £
Turnover	2	2,967,793	2,238,034
Cost of sales		1,519,194	1,086,675
Gross profit		1,448,599	1,151,359
Distribution costs		935,525	806,659
Administrative expenses		418,669	306,212
Other operating income		(120,000)	(120,000)
Operating profit	3	214,405	158,488
Interest receivable	6	214,005	208,551
Profit on ordinary activities before taxation		428,410	367,039
Tax on profit on ordinary activities	7	149,933	187,350
Profit for the financial year transferred to reserves		278,477	179,689

Statement of total recognised gains and losses

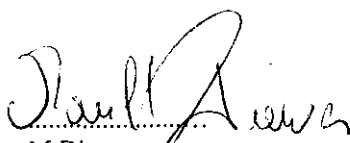
There are no recognised gains or losses other than the profit of £278,477 attributable to the shareholders for the year ended 1 April 2005 (2004 - profit of £179,689).

Balance sheet

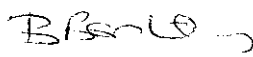
at 1 April 2005

	Notes	2005 £	2004 £
Fixed assets			
Tangible assets	8	1,124,386	1,212,935
Investments	9	4,132,616	4,132,616
		<u>5,257,002</u>	<u>5,345,551</u>
Current assets			
Stocks	10	1,001,346	635,313
Debtors	11	527,359	248,638
Cash at bank		751,673	1,068,212
		<u>2,280,378</u>	<u>1,952,163</u>
Creditors: amounts falling due within one year	12	715,594	744,984
		<u>1,564,784</u>	<u>1,207,179</u>
Net current assets			
		<u>6,821,786</u>	<u>6,552,730</u>
Total assets less current liabilities			
		<u>6,821,786</u>	<u>6,552,730</u>
Provisions for liabilities and charges	14	135,816	145,237
		<u>6,685,970</u>	<u>6,407,493</u>
Capital and reserves			
Called up share capital	18	50,000	50,000
Profit and loss account	19	6,635,970	6,357,493
		<u>6,685,970</u>	<u>6,407,493</u>
Equity shareholders' funds	19	<u>6,685,970</u>	<u>6,407,493</u>

ERNST & YOUNG


M Diemer
Director

4/5/ 2006


B. Benlow
Director

4/5/06

Notes to the financial statements

at 1 April 2005

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention.

Accounting period

The accounting period, referred to in the financial statements as "the year", is taken to end on the nearest Saturday to 31 March.

Cash flow statement

The company has taken advantage of the concession in FRS 1 "Cash Flow Statements" which exempts a company from the requirement to prepare a statement of cash flows on the grounds that the company is small as defined in companies legislation.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold buildings	-	Over 30 years
Fixtures and fittings	-	Over 3 to 5 years

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	-	purchase cost on a first-in, first-out basis.
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Provision is made for obsolete, slow-moving or defective items where appropriate.

Stocks on contract to customers is written off over the period of the contract.

Stock on loan to customers is written off over a period of three years commencing twelve months after the start of the loan period.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

at 1 April 2005

1. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution money purchase pension scheme.

The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Income recognition

The company's revenue from selling and marketing activities is largely derived from machines installed at customer sites under use-plan agreements. These agreements generally include a commitment for certain minimum levels of disposable product usage and stated disposable prices over the contract term. Under these agreements, the equipment remains the property of the company. Contract for use-plan arrangements vary in length from one to four years.

As the equipment remains the property of the company, no equipment revenue is recognised and the equipment is carried in stock in the balance sheet and amortised over the contract life. Lease income attributable to these contracts is recognised over the term of the arrangement.

2. Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts and value added tax.

An analysis of turnover by geographical market is given below:

	2005 £	2004 £
United Kingdom	2,736,363	2,068,266
Rest of Europe	231,430	169,768
	<u>2,967,793</u>	<u>2,238,034</u>

Notes to the financial statements

at 1 April 2005

3. Operating profit

This is stated after charging/(crediting):

	2005 £	2004 £
Auditors' remuneration - audit services	9,996	10,994
Depreciation of owned fixed assets	100,496	100,219
Operating lease rentals - land and buildings	47,760	46,651
- plant and machinery	74,662	64,852
Rental income	(120,000)	(120,000)

4. Staff costs

	2005 £	2004 £
Wages and salaries	476,299	437,184
Social security costs	54,347	49,467
Staff pension contributions (note 13)	33,249	26,901
	563,895	513,552

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

	2005 No.	2004 No.
Selling and distribution	9	8
Administration	2	2
	11	10

5. Directors' emoluments

	2005 £	2004 £
Emoluments	174,218	167,771
Value of company pension contributions to money purchase schemes	10,213	9,975
	2005 No.	2004 No.
Members of money purchase pension schemes	2	2

Notes to the financial statements

at 1 April 2005

6. Interest receivable

	2005 £	2004 £
Bank interest receivable	11,526	6,072
Interest receivable from fellow subsidiary	202,479	202,479
	<u>214,005</u>	<u>208,551</u>

7. Taxation on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2005 £	2004 £
<i>Current tax:</i>		
UK corporation tax	158,804	137,401
Tax underprovided in previous years	550	31,429
Total current tax (note 7(b))	<u>159,354</u>	<u>168,830</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences (note 14)	(9,421)	18,520
Tax on profit on ordinary activities	<u>149,933</u>	<u>187,350</u>

Notes to the financial statements

at 1 April 2005

7. Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2004 - 30%).

The differences are reconciled below:

	2005 £	2004 £
Profit on ordinary activities before tax	<u>428,410</u>	<u>367,039</u>
Tax on group profit on ordinary activities at standard UK corporation tax rate of 30% (2004 - 30%)	128,523	110,112
Expenses not deductible for tax purposes and non-taxable income	19,654	17,624
Decelerated capital allowances	9,512	9,724
Tax underprovided in previous years	550	31,429
Other	1,115	(59)
Total current tax (note 7(a))	<u>159,354</u>	<u>168,830</u>
 (c) Deferred tax		
	2005 £	2004 £
Capital allowances in advance of depreciation	(136,909)	(146,197)
Other timing differences	1,093	960
Provision for deferred taxation (note 14)	<u>(135,816)</u>	<u>(145,237)</u>

Notes to the financial statements

at 1 April 2005

8. Tangible fixed assets

	<i>Land and buildings £</i>	<i>Fixtures and fittings £</i>	<i>Total £</i>
Cost:			
At 1 April 2004	1,859,678	213,356	2,073,034
Additions	–	11,947	11,947
At 1 April 2005	<u>1,859,678</u>	<u>225,303</u>	<u>2,084,981</u>
Depreciation:			
At 1 April 2004	668,611	191,488	860,099
Provided during the year	84,381	16,115	100,496
At 1 April 2005	<u>752,992</u>	<u>207,603</u>	<u>960,595</u>
Net book value:			
At 1 April 2005	<u>1,106,686</u>	<u>17,700</u>	<u>1,124,386</u>
At 1 April 2004	<u>1,191,067</u>	<u>21,868</u>	<u>1,212,935</u>

9. Investments

	<i>Loans to group companies £</i>
Cost:	
At 1 April 2004 and 1 April 2005	<u>4,132,616</u>

Interest on the loan to fellow subsidiary undertaking is charged at rates that vary relative to the rate on one-year sterling deposits. The loan is repayable by 31 March 2022.

10. Stocks

	<i>2005 £</i>	<i>2004 £</i>
Finished goods	<u>1,001,346</u>	<u>635,313</u>

Included within finished goods and goods for resale is £570,615 (2004 - £501,674) in respect of equipment in use by customers but which remain the property of haemonetics limited.

11. Debtors

	<i>2005 £</i>	<i>2004 £</i>
Trade debtors	497,181	222,701
Prepayments and accrued income	30,178	25,937
	<u>527,359</u>	<u>248,638</u>

Notes to the financial statements

at 1 April 2005

12. Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	11,880	46,987
Amounts owed to group undertakings	228,573	228,753
Corporation tax	64,304	89,827
Other taxation and social security	92,674	114,367
Accruals and deferred income	318,163	265,050
	<u>715,594</u>	<u>744,984</u>

13. Pensions

The company operates a defined contribution money purchase pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £33,249 for the year (2004 - £26,901).

14. Provisions for liabilities and charges

	Deferred tax £
At 1 April 2004	145,237
Deferred tax charge in profit and loss account (note 7(a))	(9,421)
At 1 April 2005 (note 7(c))	<u>135,816</u>

15. Commitments under operating leases

At 1 April 2005 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2005 £	Other 2005 £	Land and buildings 2004 £	Other 2004 £
Operating leases which expire:				
Within one year	–	34,933	–	24,035
In two to five years	–	35,112	–	19,002
In over five years	47,750	–	47,750	–
	<u>47,750</u>	<u>70,045</u>	<u>47,750</u>	<u>43,037</u>

16. Counter indemnities

Counter indemnities are held by Barclays Bank in favour of H.M. Customs and Excise for the sum of £60,000 (2004 - £60,000) with respect to Duty Deferment Guarantees.

17. Related party transactions

The company has taken advantage of the exemptions allowed under FRS 8 relating to subsidiaries where 90% of the voting rights are controlled within the group and the company is included in consolidated accounts, which are publicly available.

Notes to the financial statements

at 1 April 2005

18. Share capital

		2005 £	Authorised 2004 £
Ordinary shares of £1 each		50,000	50,000

	No.	2005 £	Allotted, called up and fully paid 2005 £	No.	2004 £
Ordinary shares of £1 each	50,000	50,000		50,000	50,000

19. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Profit and loss account £	Total share- holders' funds £
At 1 April 2003	50,000	6,177,804	6,227,804
Profit for the year	–	179,689	179,689
At 31 March 2004	50,000	6,357,493	6,407,493
Profit for the year	–	278,477	278,477
At 1 April 2005	50,000	6,635,970	6,685,970

20. Ultimate parent company

The company is a subsidiary undertaking of Haemonetics Corporation, incorporated in the USA.

The largest and smallest group in which the results of Haemonetics Limited are consolidated is headed by Haemonetics Corporation. The consolidated financial statements are available to the public and may be obtained from Haemonetics Corporation, 400 Wood Road, Massachusetts, U.S.A.