

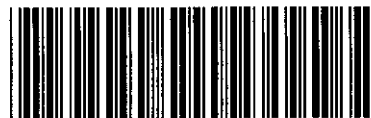
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Haemonetics Limited

Report and Financial Statements

31 March 2006

THURSDAY



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COMPANIES HOUSE

Haemonetics Limited

Registered No: 1231087

Directors

R J Ryan
K J Docherty
T Edgar

Secretary

K J Docherty

Auditors

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

Registered office

5th Floor Northwest Wing
Bush House
Aldwych
London
WC2B 4EZ

Directors' report

The directors present their report and financial statements for the year ended 31 March 2006.

Results and dividends

The profit for the year amounted to £222,083. 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.

Due to the nature of the business, there are no material risks or uncertainties which require disclosure. Key performance indicators are not applicable

Directors

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

R J Ryan	
B Bentley	(resigned 15 July 2006)
M Diemer	(appointed 27 April 2005 and resigned 16 June 2006)
D J Bee	(resigned 18 April 2005)

T Edgar and K J Docherty were appointed as directors on 3 July 2006.

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

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

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



K J Docherty
Secretary

12 Mar 2007

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 31 March 2006 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 21. 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.

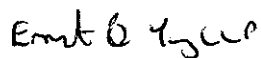
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 31 March 2006 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

16 March 2007

Profit and loss account for the year ended 31 March 2006

	Notes	2006 £	2005 £
Turnover	2	3,094,298	2,967,793
Cost of sales		1,525,912	1,519,194
Gross profit		1,568,386	1,448,599
Distribution costs		907,612	935,525
Administrative expenses		643,345	418,669
Other operating income		(120,000)	(120,000)
Operating profit	3	137,429	214,405
Interest receivable	6	209,895	214,005
Interest payable and similar charges	7	(2,553)	—
		207,342	214,005
Profit on ordinary activities before taxation		344,771	428,410
Tax on profit on ordinary activities	8	122,688	149,933
Profit for the financial year transferred to reserves		222,083	278,477

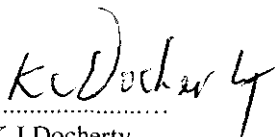
Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £344,471 attributable to the shareholders for the year ended 31 March 2006 (2005 - profit of £278,477).

Balance sheet

at 31 March 2006

	Notes	2006 £	2005 £
Fixed assets			
Tangible assets	9	1,050,528	1,124,386
Investments	10	4,132,616	4,132,616
		<u>5,183,144</u>	<u>5,257,002</u>
Current assets			
Stocks	11	596,710	1,001,346
Debtors	12	771,836	527,359
Cash at bank		1,180,635	751,673
		<u>2,549,181</u>	<u>2,280,378</u>
Creditors: amounts falling due within one year	13	696,083	715,594
Net current assets		<u>1,853,098</u>	<u>1,564,784</u>
Total assets less current liabilities		<u>7,036,242</u>	<u>6,821,786</u>
Provisions for liabilities and charges	15	128,189	135,816
		<u>6,908,053</u>	<u>6,685,970</u>
Capital and reserves			
Called up share capital	19	50,000	50,000
Profit and loss account	20	6,858,053	6,635,970
Equity shareholders' funds	20	<u>6,908,053</u>	<u>6,685,970</u>



 K J Docherty
 Director

12 Mar 2007

Notes to the financial statements

at 31 March 2006

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention.

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
Leasehold property		
Plant and machinery	-	Over 5 to 10 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 that 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 31 March 2006

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.

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.

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:

	2006 £	2005 £
United Kingdom	2,928,315	2,736,363
Rest of Europe	165,983	231,430
	<u>3,094,298</u>	<u>2,967,793</u>

Notes to the financial statements

at 31 March 2006

3. Operating profit

This is stated after charging/(crediting):

	2006 £	2005 £
Auditors' remuneration - audit services	11,500	9,996
Depreciation of owned fixed assets	93,518	100,496
Operating lease rentals - land and buildings	47,760	47,760
- plant and machinery	63,966	74,662
Rental income	(120,000)	(120,000)

4. Staff costs

	2006 £	2005 £
Wages and salaries	459,518	476,299
Social security costs	48,616	54,347
Staff pension contributions (note 14)	22,348	33,249
	530,482	563,895

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

	2006 No.	2005 No.
Selling and distribution	8	9
Administration	3	2
	11	11

5. Directors' emoluments

	2006 £	2005 £
Emoluments	152,095	174,218
Value of company pension contributions to money purchase schemes	4,005	10,213
	2006 No.	2005 No.
Members of money purchase pension schemes	1	2

Notes to the financial statements

at 31 March 2006

6. Interest receivable

	2006 £	2005 £
Bank interest receivable	7,416	11,526
Interest receivable from fellow subsidiary	202,479	202,479
	<u>209,895</u>	<u>214,005</u>

7. Interest payable and similar charges

	2006 £	2005 £
Interest on other loans	<u>2,553</u>	<u>—</u>

8. Taxation on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2006 £	2005 £
<i>Current tax:</i>		
UK corporation tax	129,505	158,804
Tax underprovided in previous years	810	550
Total current tax (note 8(b))	<u>130,315</u>	<u>159,354</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences (note 15)	<u>(7,627)</u>	<u>(9,421)</u>
Tax on profit on ordinary activities	<u>122,688</u>	<u>149,933</u>

Notes to the financial statements

at 31 March 2006

8. Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 30% (2005 - 30%).

The differences are reconciled below:

	2006 £	2005 £
Profit on ordinary activities before tax	344,471	428,410
Tax on group profit on ordinary activities at standard UK corporation tax rate of 30% (2005 - 30%)	103,341	128,523
Expenses not deductible for tax purposes and non-taxable income	18,447	19,654
Decelerated/(Accelerated) capital allowances	7,627	9,512
Tax underprovided in previous years	810	550
Other	90	1,115
Total current tax (note 8(a))	130,315	159,354

(c) Deferred tax

	2006 £	2005 £
Capital allowances in advance of depreciation	(129,282)	(136,909)
Other timing differences	1,093	1,093
Provision for deferred taxation (note 15)	(128,189)	(135,816)

Notes to the financial statements

at 31 March 2006

9. Tangible fixed assets

	<i>Land and buildings £</i>	<i>Leasehold Property £</i>	<i>Fixtures and fittings £</i>	<i>Total £</i>
Cost:				
At 1 April 2005	1,055,196	804,481	225,303	2,084,980
Additions	–	–	19,661	19,661
At 31 March 2006	<u>1,055,196</u>	<u>804,481</u>	<u>244,964</u>	<u>2,104,641</u>
Depreciation:				
At 1 April 2005	321,450	431,542	207,603	960,595
Provided during the year	30,749	53,632	9,137	93,518
At 31 March 2006	<u>352,199</u>	<u>485,174</u>	<u>216,740</u>	<u>1,054,113</u>
Net book value:				
At 31 March 2006	<u>702,997</u>	<u>319,307</u>	<u>28,224</u>	<u>1,050,528</u>
At 1 April 2005	<u>733,746</u>	<u>372,939</u>	<u>17,700</u>	<u>1,124,385</u>

10. Investments

	<i>Loans to group companies brought forward £</i>
Cost:	
At 1 April 2005 and 31 March 2006	<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.

11. Stocks

	<i>2006 £</i>	<i>2005 £</i>
Finished goods	<u>596,710</u>	<u>1,001,346</u>

Included within finished goods and goods for resale is £480,670 (2005 - £570,615) in respect of equipment in use by customers but which remain the property of Haemonetics limited.

Notes to the financial statements

at 31 March 2006

12. Debtors

	2006 £	2005 £
Trade debtors	492,877	497,181
Amounts owed by group undertakings	239,628	–
Prepayments and accrued income	39,331	30,178
	<u>771,836</u>	<u>527,359</u>

13. Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	19,044	11,880
Amounts owed to group undertakings	174,309	228,573
Corporation tax	63,247	64,304
Other taxation and social security	105,470	92,674
Accruals and deferred income	334,013	318,163
	<u>696,083</u>	<u>715,594</u>

14. 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 £23,933 for the year (2005 - £33,249).

15. Provisions for liabilities and charges

	<i>Deferred tax</i> £
At 1 April 2005	135,816
Profit and loss movement in the year	(7,627)
At 31 March 2006 (note 8(c))	<u>128,189</u>

16. Commitments under operating leases

At 31 March 2006 the company had annual commitments under non-cancellable operating leases as set out below:

	2006		2005	
	<i>Land and buildings</i> £	<i>Other</i> £	<i>Land and buildings</i> £	<i>Other</i> £
Operating leases which expire:				
Within one year	–	3,642	–	34,933
In two to five years	–	57,580	–	35,112
In over five years	47,750	–	47,750	–
	<u>47,750</u>	<u>61,222</u>	<u>47,750</u>	<u>70,045</u>

Notes to the financial statements

at 31 March 2006

17. Counter indemnities

Counter indemnities are held by Barclays Bank in favour of H.M. Customs and Excise for the sum of £60,000 (2005 - £60,000) with respect to Duty Deferment Guarantees.

18. 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.

19. Share capital

	2006 £	Authorised 2005 £
Ordinary shares of £1 each	50,000	50,000

	No.	2006 £	No.	2005 £
		<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	50,000	50,000	50,000	50,000

20. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Profit and loss account £	Total share- holders' funds £
At 1 April 2004	50,000	6,357,493	6,407,493
Profit for the year	—	278,477	278,477
At 31 March 2005	50,000	6,635,970	6,685,970
Profit for the year	—	222,083	222,083
At 31 March 2006	50,000	6,858,053	6,908,053

21. 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.