

Airfoil Technologies International UK Limited

Annual report and financial statements
for the year ended 26 December 2004

Registered number: 2032921



Airfoil Technologies International UK Limited

Annual report and financial statements for the year ended 26 December 2004

	Page
Directors' report for the year ended 26 December 2004	1
Independent auditors' report to the members of Airfoil Technologies International UK Limited.....	3
Profit and loss account for the year ended 26 December 2004.....	4
Balance sheet as at 26 December 2004.....	5
Cash flow statement for the year ended 26 December 2004.....	6
Notes to the financial statements for the year ended 26 December 2004	7

Airfoil Technologies International UK Limited

Directors' report for the year ended 26 December 2004

The directors submit their report and financial statements for the year ended 26 December 2004.

Principal activity

The principal activity of the company is the repair and re-profiling of turbine blades and airfoil performance management.

Results for the year and review of business

The company made a profit after tax of £620,000 during the year (2003: profit of £187,000). An interim dividend of £nil (2003: £nil) was paid during the year. The directors recommend a final dividend of £620,000 (2003: £187,000).

The directors consider the results for the year to be satisfactory and are confident of future prospects.

Donations

During the year ended 26 December 2004 the company made charitable donations amounting to £621 (2003: £701). No political donations were made in either year.

Directors

The Directors who held office during the year and subsequently are given below:

F Mocilnikar

Directors' interests

None of the directors had any interest in the shares of the company during the year. There are no other directors' interests requiring disclosure under the Companies Act 1985.

No significant contract or arrangement in relation to the company's business in which any director had a material interest subsisted at any time during the year.

Employees

It is the company's policy that there shall be no discrimination in respect of sex, colour, religion, race, nationality or ethnic origin, and that equal opportunities shall be given to all employees. The company supports the employment of disabled people whenever possible in recruitment, in the retention in the event of becoming disabled during employment, and by encouraging training and career development. A programme of consultation, communication and involvement encourages employees to use their knowledge and skills actively towards influencing the company's success. Employees receive information about the company's performance and development on a regular and systematic basis, via departmental meetings, organised group briefing, open forums and notice boards.

Airfoil Technologies International UK Limited

Directors' report for the year ended 26 December 2004 (continued)

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;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the next Annual General Meeting.

By Order of the Board



Robert Hankinson
Company Secretary
8 December 2005

Independent auditors' report to the members of Airfoil Technologies International UK Limited

We have audited the financial statements, which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

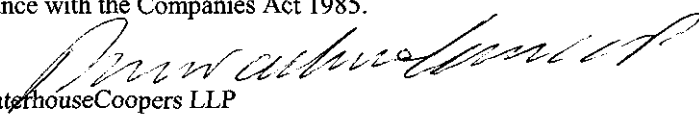
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 26 December 2004 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
East Midlands
8 December 2005

Airfoil Technologies International UK Limited

Profit and loss account for the year ended 26 December 2004

	Note	2004 £'000	2003 £'000
Turnover - continuing operations	2	31,530	28,199
Cost of sales		(24,183)	(21,018)
Gross profit		7,347	7,181
Selling and distribution costs		(2,708)	(2,692)
Administration expenses		(3,693)	(4,043)
Operating profit - continuing operations		946	446
Interest payable and similar charges	4	(189)	(188)
Interest receivable and similar income	4	132	48
Profit on ordinary activities before taxation	3	889	306
Taxation on profit on ordinary activities	6	(269)	(119)
Profit on ordinary activities after taxation		620	187
Dividends	7	(620)	(187)
Amounts transferred to reserves	18	-	-

The company has no recognised gains or losses other than the profit for the year.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

The notes on pages 7 to 20 form part of these financial statements.

Airfoil Technologies International UK Limited

Balance sheet as at 26 December 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Intangible assets	8	710	824
Tangible assets	9	3,989	4,265
		4,699	5,089
Current assets			
Stocks	10	5,269	6,897
Debtors	11	6,013	5,174
Cash at bank and in hand	20b	2,603	2,594
		13,885	14,665
Creditors: amounts falling due within one year	12	(13,235)	(14,062)
Net current assets		650	603
Total assets less current liabilities		5,349	5,692
Creditors: amounts falling due after more than one year	13	(532)	(854)
Provisions for liabilities and charges	14	(301)	(322)
Net assets		4,516	4,516
Capital and reserves			
Called up share capital	15	26	26
Other reserves	18	4,490	4,490
Profit and loss account	18	-	-
Total shareholders' funds	19	4,516	4,516
Analysed as:			
Equity interests		4,515	4,515
Non-equity interests	19	1	1
		4,516	4,516

Approved by the Board on 8 December 2005 and signed on its behalf by

F Mociłnikar
Director

The notes on pages 7 to 20 form part of these financial statements.

Airfoil Technologies International UK Limited

Cash flow statement for the year ended 26 December 2004

	Note	2004 £'000	2003 £'000
Net cash inflow from operating activities	20a	195	3,840
Returns on investments and servicing of finance			
Interest paid		(137)	(114)
Interest element of finance lease agreements		(52)	(74)
Interest received		132	48
Preference dividends paid		-	-
Net cash outflow from returns on investments and servicing of finance		(57)	(140)
Taxation		627	208
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(560)	(597)
Purchase of intangible fixed assets		-	(891)
Net cash outflow from capital operation and financial investment		(560)	(1,488)
Equity dividends paid		-	-
Net cash inflow before financing		205	2,420
Financing			
Capital element of finance lease payments		(196)	(240)
Increase in cash	20b	9	2,180

The notes on pages 7 to 20 form part of these financial statements.

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 26 December 2004

1 Accounting policies

The financial statements are prepared under the historical cost convention in accordance with applicable Accounting Standards and the Companies Act 1985. A summary of the more important accounting policies is set out below together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year:

Turnover

Turnover represents amounts invoiced to customers in respect of repairs, re-profiling or replacement of turbine blades and is recognised on despatch of goods to the customer.

Foreign currencies

Balances due to overseas group undertakings are expressed at the sterling values attributed when each debt arose; when repaid these will be settled at the same sterling values. Other assets and liabilities of the company denominated in foreign currencies are translated at the rates of exchange ruling at the end of the year and resulting translation differences are dealt with through the profit and loss account.

Stocks

Stocks are stated at the lower of cost and net realisable value and cost where appropriate includes a proportion of production related overheads.

Leased assets

Assets held under finance lease agreements are capitalised as fixed assets. Depreciation is provided over the shorter of the estimated useful life of the assets or the period of the agreement. The interest element of the charges implicit in the agreement is charged to the profit and loss account. Rentals under operating leases are charged to the profit and loss account as incurred.

Tangible fixed assets

The cost of fixed assets is written off over their estimated useful lives by providing depreciation on a straight-line basis.

The principal estimated useful lives are:

Short leasehold improvements	- over the unexpired term of the lease
Plant and machinery	- 2 to 10 years
Fixtures and fittings	- 8 to 10 years

Goodwill

When the fair value of consideration for an acquired business exceeds the fair value of its separate net assets, the difference is treated as purchased goodwill and is capitalised and amortised through the profit and loss account over its estimated useful economic life.

Research and development costs

Research and development costs are written off to the profit and loss account as they are incurred.

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 26 December 2004 (continued)

1 Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, with the following exceptions;

- Deferred taxation assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted;
- Provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets; and
- Provision is made for the tax that would arise on remittance of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable.

Deferred taxation is measured on a non-discounted 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.

Pensions

The company operates a pension and life assurance scheme covering the majority of its employees which is financed by a separate trustee administered fund. The scheme is a defined contribution scheme and pension costs are charged to profit and loss account on the basis of contributions payable.

2 Segmental analysis

Turnover, operating profit and capital employed are in respect of the company's principal activity, the repair and re-profiling of turbine blades and airfoil performance management.

Turnover is the invoiced value of goods sold and services provided, after deducting returns and excluding value added tax.

The geographical split of turnover is as follows:

	2004	2003
	£'000	£'000
Europe	20,267	16,773
Asia and Australasia	1,926	2,231
North America	9,297	9,117
Rest of the world	40	78
	31,530	28,199

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 26 December 2004 (continued)

3 Profit on ordinary activities before taxation

	2004	2003
	£'000	£'000
The profit on ordinary activities before taxation is stated after charging / (crediting):		
Amortisation of goodwill	114	67
Depreciation of tangible fixed assets		
- owned assets	483	502
- assets held under finance lease agreements	270	388
Auditors' remuneration		
- audit fees	51	24
- non audit fees	14	10
Operating lease rentals		
- property	226	221
- plant and machinery	154	167
Foreign exchange (gain)	(965)	(358)

4 Interest

	2004	2003
	£'000	£'000
Payable:		
On bank overdrafts	12	14
On inter-company accounts	125	95
On finance lease agreements	52	74
Other interest	-	5
	189	188
Receivable:		
On bank deposits	95	48
Other	37	-
	132	48

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 26 December 2004 (continued)

5 Directors and employees

	2004	2003
	£'000	£'000
Staff costs:		
Wages and salaries	5,186	5,327
Social security costs	402	524
Other pension costs (note 21)	157	161
	5,745	6,012

The average number of persons employed by the company (excluding directors) during the year was 252 (2003: 241).

The director received no emoluments in respect of his services to the company in the current year (2003: £nil).

6 Taxation

	2004	2003
	£'000	£'000
The tax charge comprises:		
Corporation tax at 30% (2003: 30%)		
- Current year	313	128
- Prior year	(23)	(406)
Current tax	290	(278)
Deferred taxation (note 14)	(21)	397
	269	119

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 26 December 2004 (continued)

6 Taxation (continued)

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

	2004	2003
	£'000	£'000
Profit on ordinary activities before taxation	889	306
Multiplied by standard rate of corporation taxation in the UK (30%)	267	92
Effects of:		
Expenses not deductible for tax purposes;	9	50
Accelerated capital allowances and other timing differences;	37	(14)
Adjustments to tax charge in respect of previous period	(23)	(406)
Current tax on profit on ordinary activities	290	(278)

7 Dividends

	2004	2003
	£'000	£'000
Dividends declared:		
In respect of current year:		
On Ordinary Shares:		
- interim;	-	-
- final	61	187
On 'B' Preference Shares:		
Participating dividend	559	-
	620	187

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 26 December 2004 (continued)

8 Intangible fixed assets

	Goodwill
	£'000
Cost	
At 28 December 2003	891
Additions	-
At 26 December 2004	891
Accumulated amortisation	
At 28 December 2003	67
Charge for the year	114
At 26 December 2004	181
Net book amount	
At 26 December 2004	710
At 28 December 2003	824

The goodwill arising on the acquisition of the Honeywell custom from Sermatech International is being amortised on a straight line basis over 8 years, this period being the estimated useful economic life of the goodwill.

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 26 December 2004 (continued)

9 Tangible fixed assets

	Short leasehold improve- ments	Plant and Machinery	Fixtures and Fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 28 December 2003	1,406	8,021	5	9,432
Additions	336	138	3	477
At 26 December 2004	1,742	8,159	8	9,909
Depreciation				
At 28 December 2003	851	4,311	5	5,167
Charge for the year	119	634	-	753
At 26 December 2004	970	4,945	5	5,920
Net book amount				
At 26 December 2004	772	3,214	3	3,989
At 28 December 2003	555	3,710	-	4,265

Fixed assets held under finance lease agreements had a net book value at 26 December 2004 of £854,000 (2003: £810,000)

10 Stocks

	2004	2003
	£'000	£'000
Raw materials and consumables	711	717
Work in progress	339	158
Finished goods	4,219	6,022
	5,269	6,897

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 26 December 2004 (continued)

11 Debtors

	2004	2003
	£'000	£'000
Amounts due within one year:		
Trade debtors	4,940	3,733
Other debtors	670	392
Corporation tax	-	670
Prepayments and accrued income	403	379
	6,013	5,174

12 Creditors: amounts falling due within one year:

	2004	2003
	£'000	£'000
Trade creditors	1,935	3,580
Amounts owed to group undertakings		
- parent and fellow subsidiaries	7,116	7,423
Taxation and social security	131	150
Other creditors	1,594	1,306
Accruals and deferred income	66	18
Dividends payable	1,998	1,378
Corporation Tax	208	-
Obligations under finance leases	187	207
	13,235	14,062

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 26 December 2004 (continued)

13 Creditors: amounts falling due after more than one year:

	2004	2003
	£'000	£'000
Obligations under finance leases	532	854

There are no fixed repayment terms attached to amounts owed to group undertakings.

	2004	2003
	£'000	£'000
Obligations under finance leases		
Amounts payable:-		
- within one year	187	207
- within more than one year but not more than two years	200	226
- within more than two years but not more than five years	332	628

14 Provisions for liabilities and charges

The deferred tax (liability)/asset at 30% (2003: 30%) comprises:

	2004	2003
	£'000	£'000
Accelerated capital allowances	(303)	(325)
Other timing differences	2	3
	(301)	(322)

	£'000
Deferred tax liability recognised at 28 December 2003	(322)
Profit and loss credit	21
Deferred tax liability recognised at 26 December 2004	(301)

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 26 December 2004 (continued)

15 Called up share capital

	2004	2003
	£'000	£'000
Authorised:		
25,000 Ordinary Shares of £1 each	25	25
1,000 Cumulative 'B' Preference Shares of £1 each	1	1
	26	26
Issued, allotted and fully paid:		
25,000 Ordinary Shares of £1 each	25	25
1,000 Cumulative 'B' Preference Shares of £1 each	1	1
	26	26

Redemption rights

There are no specific redemption rights attached to any class of share.

Rights to dividends

The profits available for distribution are to be paid in the following order:

1. A cumulative preferential dividend of 1p per share, payable to the 'B' shareholders.
2. A variable cumulative preferential dividend based on profits after tax, payable to the 'B' preference shareholders, based on profits generated from the compressor division.
3. The remaining profits to be distributed amongst the ordinary shareholders.

Voting rights

The ordinary shareholders are entitled to one vote per share. The 'B' preference shareholders hold nil votes per share, except in respect of resolutions varying their rights, or for a winding up, dissolution or liquidation, in which the 'B' preference shareholders are entitled to one vote per share.

Rights on winding-up

On a winding-up preference shareholders are entitled to receive £1 per share together with any arrears of dividends. The balance of the remaining assets is to be distributed amongst the ordinary shareholders *pari passu*.

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 26 December 2004 (continued)

16 Capital commitments

	2004	2003
	£'000	£'000
Authorised and contracted for	-	-

17 Operating lease commitments

The Company had annual commitments under non cancellable operating leases as set out below:

	2004	2003
	£'000	£'000
Land and buildings leases which expire:		
Over five years	226	221
Plant and machinery leases which expire:		
Less than one year	151	20
Between two and five years	189	125

18 Reserves

	Other Reserves	Profit and loss account
	£'000	£'000
At 28 December 2003	4,490	-
Profit for the year	-	620
Dividends	-	(620)
At 26 December 2004	4,490	-

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 26 December 2004 (continued)

19 Reconciliation of movements in shareholders' funds

	2004	2003
	£'000	£'000
Profit for the financial year	620	187
Dividends	(620)	(187)
Net addition to shareholders' funds	-	-
Opening shareholders' funds	4,516	4,516
Closing shareholders' funds	4,516	4,516
Non-equity interests are calculated as follows:		
Preference shares	1	1

20 Notes to the cash flow statement

a) Reconciliation of operating profit to net cash inflow from operating activities

	2004	2003
	£'000	£'000
Operating profit	946	446
Depreciation	753	890
Amortisation of goodwill	114	67
(Increase)/decrease in stocks	1,628	(2,521)
Decrease/(increase) in debtors	(1,509)	213
(Decrease)/increase in creditors	(1,591)	4,872
Foreign exchange movement on finance leases	(146)	(127)
Net cash inflow from operating activities	195	3,840

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 26 December 2004 (continued)

20 Notes to the cash flow statement (continued)

b) Analysis of changes in net debt

	At 30 December 2003	Cash flow	Other non- cash changes	Exchange Movements	At 26 December 2004
	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	2,594	9	-	-	2,603
Finance leases due after 1 year	(854)	-	187	135	(532)
Finance leases due within 1 year	(207)	196	(187)	11	(187)
	1,533	205	-	146	1,884

21 Pensions

The company operates a pension and life assurance scheme covering the majority of its employees which is financed by a separate trustee administered fund. The scheme is a defined contribution scheme. The profit and loss charge for the year was £157,000 (2003: £161,000).

22 Related party transactions

During the year the company traded with other members of the Teleflex Inc Group. The aggregate value of transactions undertaken was: sales made to Sermatech UK £19,000 (2003: £19,000); purchases made from Sermatech UK £1,828,000 (2003: £1,749,000); interest paid to ATI Singapore £125,000 (2003: £43,000); management charges paid to ATI HQ £469,000 (2003: £600,000); royalty charges paid to Sermatech UK £11,000 (2003: £279,000).

At 26 December 2004 there were aggregate amounts payable to Teleflex Inc Group companies of £1,138,000 (2003: £912,000). A further amount of £5,978,000 (2003: £6,512,000) was payable by the company in respect of a loan account to another group company.

A significant shareholder in the company's immediate parent undertaking is General Electric Inc. During the year the company also traded with members of the General Electric Inc Group. The aggregate value of the transactions undertaken was as follows: net sales made to £11,520,000 (2003: £8,378,000); purchases made from £38,000 (2003: £nil); royalty & rebate payments due to £35,000 (2003: £88,000). The aggregate outstanding balances due from members of the General Electric Inc Group, at the year end were £801,000 (2003: £943,000).

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 26 December 2004 (continued)

23 Parent undertakings

The directors consider that the company's immediate and ultimate parent undertaking and ultimate controlling party is Teleflex Inc, a company incorporated in the USA. Teleflex Inc is the largest group of undertakings preparing consolidated accounts to include the results of this company. Its annual report, as filed with the Securities and Exchange Commission, can be obtained from Communications Department, Teleflex Inc, 155 South Limerick Road, Limerick, Pennsylvania 19468-1699, USA.

The company preparing consolidated accounts representing the smallest group of undertakings to include the results of this company is Airfoil Technologies International LLC, a company incorporated in the USA. Its annual report may be obtained from 5966 Heisley Road, Mentor, Ohio, 44060-1870, USA.