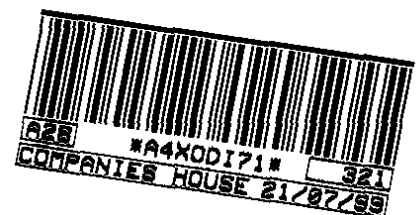


Sermatech Repair Services Limited

(Registered Number 2032921)

Annual Report

28 December 1997



The directors submit their report and financial statements for the year ended 28 December 1997.

Principal activity and state of affairs

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

Results for the year

The company made a profit after tax of £1,781,000 during the year (1996: £992,000). The directors recommend the payment of dividends totalling £1,781,000 (1996: £992,000), and accordingly £nil will be transferred to reserves (1996: £nil).

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

Directors

R C Carriker	}	Resigned 28 February 1998
W R Blackham		
B A Ottewell		
M G D Wakeman		
J B DeVries	}	Resigned 9 February 1999
J F McCabe		Appointed 9 February 1999

Directors' interests

The names of the present directors are stated above.

None of the directors had any interest in the shares of the company during the year. Details of options over ordinary shares in the ultimate holding company, Teleflex Inc, held by the directors are as follows:

	<i>Number of Options</i>			
	<i>At 29 December 1996 or later date of appointment</i>	<i>Granted</i>	<i>Exercised</i>	<i>At 28 December 1997</i>
M G D Wakeman	5,000	-	-	5,000

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.

Fixed assets

Detail of movements in fixed assets are shown in Note 8 to the financial statements.

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.

Year 2000

All computer systems, PC's and other electronic chip-based technology have been reviewed in our business. Appropriate action is being taken to ensure that existing and new systems will be Year 2000 compliant. The additional cost to the Company is not expected to be material.

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;
- * 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.

Auditors

Our auditors, Price Waterhouse, merged with Coopers & Lybrand on 1 July 1998 with the new firm being known as PricewaterhouseCoopers. Accordingly, Price Waterhouse resigned as auditors and the directors appointed PricewaterhouseCoopers to fill the casual vacancy.

PricewaterhouseCoopers have expressed their willingness to be re-appointed as auditors in accordance with the provisions of the Companies Act 1985 and a resolution for their re-appointment will be proposed at the next Annual General Meeting.

By Order of the Board.



J R Duncan

Company Secretary

22 June 1999

Auditors' Report to the Members of *Sermatech Repair Services Limited*

We have audited the financial statements on pages 4 to 17.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including, as described on page 2, the financial statements. Our responsibilities, as independent auditors, are established primarily by statute, the Auditing Practices Board and our profession's ethical guidance.

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. 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.

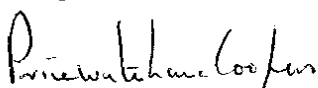
Basis of audit opinion

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 the company's affairs as at 28 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors
Nottingham

22 June 1999

	1997 £'000	1996 £'000
Turnover - Continuing Operations (note 2)	22,516	12,405
Cost of sales	(14,570)	(9,079)
Gross Profit	7,946	3,326
Selling and distribution costs	(2,650)	(558)
Administration expenses	(2,703)	(1,351)
Operating Profit - Continuing Operations (note 2)	2,593	1,417
Interest payable and similar charges (note 4)	(117)	(42)
Interest receivable and similar income (note 4)	82	106
Profit on Ordinary Activities Before Taxation (note 3)	2,558	1,481
Taxation on profit on ordinary activities (note 6)	(777)	(489)
Profit on Ordinary Activities After Taxation	1,781	992
Dividends (note 7)	(1,781)	(992)
Amounts Transferred to Reserves (note 16)	-	-

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

The profit and loss account is stated on an historical cost basis.

The notes on pages 7 to 17 form part of these financial statements.

	1997 £'000	1996 £'000
Fixed Assets		
Tangible assets (note 8)	2,313	1,630
Current Assets		
Stocks (note 9)	7,758	5,621
Debtors (note 10)	7,398	5,386
Cash at bank and in hand (note 20b)	781	919
	15,937	11,926
Creditors - Amounts falling due within one year (note 11a)	(13,618)	(8,917)
Net Current Assets	2,319	3,009
Total Assets Less Current Liabilities	4,632	4,639
Creditors - Amounts falling due after more than one year (note 11b)	(116)	(123)
Net Assets	4,516	4,516
Capital and Reserves		
Called up share capital (note 13)	26	26
Other reserves (note 16)	4,490	4,490
Profit and loss account (note 16)	-	-
Total shareholders' funds (note 17)	4,516	4,516
Analysed as:		
Equity interests	4,515	4,515
Non-equity interests (note 17)	1	1
	4,516	4,516

Approved by the Board on 22nd June 1999 and signed on its behalf



J F McCabe
Director

The notes on pages 7 to 17 form part of these financial statements.

	<i>£'000</i>	<i>1997 £'000</i>	<i>1996 £'000</i>
<i>Net Cash Inflow From Operating Activities (note 20a)</i>		3,133	399
<i>Returns on Investments and Servicing of Finance</i>			
Interest paid	(117)		(42)
Interest received	82		106
Preference dividends paid	(523)		-
		(558)	64
<i>Taxation</i>		(727)	(194)
<i>Capital Expenditure and Financial Investment</i>			
Purchase of tangible fixed assets		(1,151)	(774)
<i>Equity Dividends Paid</i>		(835)	-
<i>Decrease in Cash (note 20b)</i>		(138)	(505)

The notes on pages 7 to 17 form part of these financial statements.

1 *Accounting Policies*

The financial statements are prepared under the historical cost convention in accordance with applicable accounting and financial reporting standards.

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.

Hire purchase and finance leased assets

Assets held under finance lease agreements and hire purchase contracts 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.

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	- 3 to 10 years
Fixtures and fittings	- 8 to 10 years

Research and development costs

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

Deferred taxation

Provision for deferred taxation is made, or recovery of taxation anticipated, in respect of all material timing differences other than those giving rise to tax benefits which with reasonable probability can be expected to be retained for the foreseeable future in consequence of recurring or continuing differences.

1 *Accounting Policies ...*(cont'd)*****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:

	<i>1997</i> <i>£'000</i>	<i>1996</i> <i>£'000</i>
Europe	17,484	9,257
Asia and Australasia	2,718	950
North America	2,149	2,081
Rest of the world	165	117
	22,516	12,405

3 *Profit on Ordinary Activities Before Taxation*

	<i>1997</i> <i>£'000</i>	<i>1996</i> <i>£'000</i>
The profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets	468	383
Auditors' remuneration - audit fees	21	23
- non audit fees	-	-
Profit on disposal of tangible fixed assets	-	-
Operating lease rentals - property	178	171
- plant and machinery	16	29

4 Interest

	1997	1996
	£'000	£'000
Receivable:		
On bank deposits	56	38
On inter-company accounts	26	68
	82	106
Payable:		
On bank overdrafts	59	4
On inter-company accounts	58	38
	117	42

5 Directors and Employees

	1997	1996
	£'000	£'000
Staff costs:		
Wages and salaries	3,607	2,373
Social security costs	369	245
Other pension costs (note 18)	97	62
	4,073	2,680

The average number of persons employed by the company during the year was 209 (1996: 134).

The directors received no emoluments in respect of the current year (1996 : £Nil).

6 Taxation

<i>1997</i>	<i>1996</i>
<i>£'000</i>	<i>£'000</i>

The tax charge comprises:

Corporation tax at 31.5% (1996 : 33%)		
Current year	616	678
Prior year	-	(20)
Deferred taxation (note 12)	161	(169)
	777	489

7 Dividends

<i>1997</i>	<i>1996</i>
<i>£'000</i>	<i>£'000</i>

Dividends declared:

On Ordinary Shares:

- interim	-	112
- final	1,225	642

On 'A' Preference Shares:

Participating dividend	-	168
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On 'B' Preference Shares:

Participating dividend	556	70
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1,781	992
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8 Tangible Fixed Assets

	<i>Short leasehold improvements £'000</i>	<i>Plant and machinery £'000</i>	<i>Fixtures and Fittings £'000</i>	<i>Total £'000</i>
Cost				
At 30 December 1996	458	1,677	5	2,140
Additions	265	886	0	1,151
At 28 December 1997	723	2,563	5	3,291
Depreciation				
At 30 December 1996	82	426	2	510
Charge for the year	103	364	1	468
At 28 December 1997	185	790	3	978
Net book amount				
At 28 December 1997	538	1,773	2	2,313
At 29 December 1996	376	1,251	3	1,630

9 Stocks

	<i>1997 £'000</i>	<i>1996 £'000</i>
Raw materials and consumables	193	91
Work in progress	569	581
Finished goods	6,996	4,949
	7,758	5,621

10 Debtors

	1997	1996
	£'000	£'000
Amounts due within one year:		
Trade debtors	6,449	1,855
Amounts owed by group undertakings		
- parent and fellow subsidiaries	-	2,929
Other debtors	302	256
Prepayments and accrued income	93	76
Deferred tax (note 12)	109	270
ACT recoverable	445	-
	7,398	5,386

11 Creditors**(a) Amounts falling due within one year:**

	1997	1996
	£'000	£'000
Trade creditors	2,866	870
Amounts owed to group undertakings		
- parent and fellow subsidiaries	5,264	1,042
Taxation and social security	118	93
Other creditors	1,021	1,370
Corporation tax	303	754
Accruals and deferred income	1,480	3,430
Dividends payable	1,781	1,358
ACT payable	785	-
	13,618	8,917

(b) Amounts falling due after more than one year:

	1997	1996
	£'000	£'000
Accruals and deferred income	116	123

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

12 Deferred Taxation

The total potential and provided deferred tax at 33% (1996: 33%) comprises:

	Provided and total potential (asset)/liability	
	1997 £'000	1996 £'000
Accelerated capital allowances	41	47
Other timing differences	(150)	(317)
Deferred tax asset recognised	(109)	(270)

13 Called Up Share Capital

	1997 £'000	1996 £'000
Authorised:		
25,000 Ordinary Shares of £1 each	25	25
10,000 Ordinary Shares of £1 each	-	-
15,000 Cumulative Convertible 'A' Preference Shares of £1 each	-	-
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
10,000 Ordinary Shares of £1 each	-	-
15,000 Cumulative Convertible 'A' Preference Shares of £1 each	-	-
1,000 Cumulative 'B' Preference Shares of £1 each	1	1
	26	26

13 *Called Up Share Capital ...*(cont'd)*****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.
- 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*.

14 *Capital Commitments*

	<i>1997</i> <i>£'000</i>	<i>1996</i> <i>£'000</i>
Authorised and contracted for	48	239

15 Operating Lease Commitments

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

	1997 £'000	1996 £'000
Land and buildings leases which expire:		
Between two and five years	178	130
Plant and machinery leases which expire:		
Within one year	-	15
Between two and five years	16	-
	16	15

16 Reserves

	Other Reserves £'000	Profit and loss account £'000
At 1 January 1997	4,490	-
Profit for the year	-	1,781
Dividends declared	-	(1,781)
At 29 December 1997	4,490	-

17 Reconciliation of Movements in Shareholders' Funds

	1997 £'000	1996 £'000
Profit for the financial year	1,781	992
Dividends	(1,781)	(992)
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

18 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 £96,000 (1996: £62,000).

19 Related Party Transactions

During the year the company traded with other members of the Teleflex Inc Group. The aggregate value of the transactions undertaken was as follows: sales made to - £798,000; purchases made from - £1,931,000; interest received from - £26,000; interest paid to - £57,000.

At 28 December 1997 there were aggregate amounts payable to Teleflex Inc Group companies in the amount of £1,309,000. A further amount of £3,955,000 was payable by the company in respect of a loan account.

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 - £11,329,000; purchases made from - £4,000; royalty payments due to - £68,000.

20 Notes to the Cash flow Statement**(a) Reconciliation of operating profit to net cash inflow from operating activities**

	1997 £'000	1996 £'000
Operating profit	2,593	1,417
Depreciation	468	383
(Increase) in stocks	(2,137)	(3,674)
(Increase)/decrease in debtors	(1,728)	(3,003)
Increase in creditors	3,937	5,276
Net cash inflow from operating activities	3,133	399

(b) Analysis of changes in net debt

	1997 £'000	1996 £'000
Cash at bank and in hand		
Balance at start of the year	919	1,424
Net cash outflow	(138)	(505)
Balance at end of the year	781	919

21 Parent Undertakings

The directors consider that the company's ultimate parent undertaking 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, 185 South Limerick Road, Limerick, Pennsylvania 19468, 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 5830 Heisley Road, Mentor, Ohio, 44060-1856 USA.