

COMPANY REGISTRATION NUMBER 2762956

MEGGITT INTERNATIONAL LIMITED
DIRECTORS' REPORT AND FINANCIAL
STATEMENTS

31 DECEMBER 2007

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MEGGITT INTERNATIONAL LIMITED
DIRECTORS REPORT & FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

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MEGGITT INTERNATIONAL LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

Directors	T Twigger M L Young P E Green S G Young
Company secretary	M L Thomas
Registered office	Atlantic House Aviation Park West Bournemouth International Airport Christchurch Dorset BH23 6EW
Auditor	PricewaterhouseCoopers LLP Chartered Accountants & Registered Auditors 9 Greyfriars Road Reading Berkshire RG1 1JG

MEGGITT INTERNATIONAL LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2007

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2007

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company is an intermediate parent company owning shares in certain subsidiaries of Meggitt PLC, its ultimate parent company. In addition to its activity as an intermediate parent company, it receives royalty income from a fellow subsidiary of Meggitt PLC. The directors are hopeful that 2008 will prove to be another successful year for the company's subsidiaries.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £38,863,000 (2006 £52,090,000). Particulars of dividends paid are detailed in note 10 to the financial statements.

DIRECTORS

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

T Twigger

M L Young

P E Green

S G Young

D H Clark

(Resigned 31 May 2007)

The company is a wholly owned subsidiary of Meggitt PLC.

The directors have the benefit of "qualifying third party indemnity provisions" for the purposes of sections 309A and 309C of the Companies Act 1985.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' 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 judgements 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 confirm that they have complied with the above requirements in preparing the financial statements.

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.

MEGGITT INTERNATIONAL LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2007

AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

The Company has dispensed with the requirement to appoint auditors annually under s386 of the Companies Act 1985

Approved by the Board of Directors on 28 October 2008 and signed on its behalf by



M L Thomas
Secretary

MEGGITT INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF MEGGITT INTERNATIONAL LIMITED

YEAR ENDED 31 DECEMBER 2007

We have audited the financial statements of Meggitt International Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom 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). 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 into 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 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 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.

MEGGITT INTERNATIONAL LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
MEGGITT INTERNATIONAL LIMITED *(continued)*
YEAR ENDED 31 DECEMBER 2007

OPINION

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom 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



PricewaterhouseCoopers LLP
Chartered Accountants & Registered Auditors
Reading

29/10/08

MEGGITT INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2007

	Note	2007 £000	2006 £000
Administrative expenses		(710)	(751)
Other operating income	2	<u>2,417</u>	<u>2,618</u>
OPERATING PROFIT	3	1,707	1,867
Profit on disposal of fixed asset investment	4	<u>418</u>	<u>—</u>
		2,125	1,867
Income from shares in group undertakings	6	24,643	39,804
Interest receivable and similar income	7	12,771	20,066
Amounts written back to group balances	8	1,822	650
Interest payable and similar charges	9	(1,058)	(12,225)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		40,303	50,162
Tax on profit on ordinary activities	10	(1,440)	1,928
PROFIT FOR THE FINANCIAL YEAR	19	<u>38,863</u>	<u>52,090</u>

All of the activities of the company are classed as continuing

There is no material difference between the profit on ordinary activity before tax and the profit for the financial year stated above and their historical cost equivalents

The notes on pages 9 to 18 to form part of these financial statements

MEGGITT INTERNATIONAL LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 DECEMBER 2007

	2007 £000	2006 £000
Profit for the financial year attributable to the shareholder	38,863	52,090
Currency translation differences on foreign currency net investments	6,019	23,913
Deferred tax credit on exchange differences charged to reserves	58	482
Total gains and losses recognised since the last annual report	<u>44,940</u>	<u>76,485</u>

The notes on pages 9 to 18 form part of these financial statements

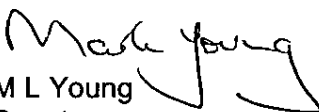
MEGGITT INTERNATIONAL LIMITED

BALANCE SHEET

31 DECEMBER 2007

	Note	2007 £000	2006 £000
FIXED ASSETS			
Intangible assets	12	10,279	11,150
Investments	13	206,596	211,102
		<u>216,875</u>	<u>222,252</u>
CURRENT ASSETS			
Debtors	14	233,674	212,547
CREDITORS: Amounts falling due within one year	16	(14,274)	(13,154)
NET CURRENT ASSETS		<u>219,400</u>	<u>199,393</u>
NET ASSETS		<u>436,275</u>	<u>421,645</u>
CAPITAL AND RESERVES			
Called-up equity share capital	18	860	860
Share premium account	19	93,451	93,451
Revaluation reserve	19	116,698	123,508
Other reserves	19	113,520	113,520
Profit and loss account	19	111,746	90,306
TOTAL SHAREHOLDER'S FUNDS	20	<u>436,275</u>	<u>421,645</u>

These financial statements on pages 6 to 18 were approved by the Board of Directors on 28 October 2008 and are signed on its behalf by.


 M L Young
 Director

The notes on pages 9 to 18 form part of these financial statements

YEAR ENDED 31 DECEMBER 2007

MEGGITT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred taxation is provided in full without discounting on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred taxation assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred taxation is not provided on timing differences arising from the sale or revaluation of fixed assets unless, at the balance sheet date, a binding commitment to sell the asset has been entered into and it is unlikely that any gain will qualify for rollover relief.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated into sterling at the exchange rates ruling at the balance sheet date. All differences are dealt with through the profit and loss account. Exchange differences arising on the translation of foreign currency borrowings, to the extent that they hedge the company's investment in foreign operations are reported in the Statement of Total Recognised Gains and Losses.

2. OTHER OPERATING INCOME

	2007 £000	2006 £000
Other operating income - royalty income	<u>2,417</u>	<u>2,618</u>

3. OPERATING PROFIT

Operating profit is stated after charging

	2007 £000	2006 £000
Goodwill amortisation	677	742
Net loss on foreign currency translation	<u>33</u>	<u>44</u>

Audit fees are borne by Meggitt PLC who makes no recharge to the company, as it is not possible to make an accurate apportionment of the fees in respect of each of the subsidiaries.

MEGGITT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

4. PROFIT ON DISPOSAL OF FIXED ASSET INVESTMENT

The profit on disposal of fixed asset investments in the year of £418,000 relates to the disposal of Endevco France SA and Piher International SA

5. PARTICULARS OF EMPLOYEES

The company paid no directors' emoluments during the financial year (2006 £Nil) All of the directors are employees of Meggitt PLC and are remunerated by that company for their services to the group as a whole The directors do not receive any remuneration in their capacity as directors of the company The company had no employees during the year (2006 Nil) Two of the directors exercised options in the shares of the ultimate holding company, Meggitt PLC, during the year (2006 three)

6. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2007 £000	2006 £000
Income from group undertakings	<u>24,643</u>	<u>39,804</u>

7. INTEREST RECEIVABLE

	2007 £000	2006 £000
Interest from group undertakings	<u>12,771</u>	<u>20,066</u>

8. AMOUNTS WRITTEN BACK TO GROUP BALANCES

	2007 £000	2006 £000
Amount written back to intercompany balances	41	12
Amount written back to investments	<u>1,781</u>	<u>638</u>
	<u>1,822</u>	<u>650</u>

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2007 £000	2006 £000
Loans from group undertakings	<u>1,058</u>	<u>12,225</u>

MEGGITT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

10. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge/(credit) in the year

	2007 £000	2006 £000
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year	10,133	17,456
Over/under provision in prior year	1,170	-
	<u>11,303</u>	<u>17,456</u>
Double taxation relief	(10,561)	(17,059)
Total current tax	<u>742</u>	<u>397</u>
Deferred tax		
Origination and reversal of timing differences	4,463	(16)
Adjustment in respect of previous years		
Deferred tax	(3,955)	(2,309)
Rate adjustment	190	-
Total deferred tax (note 15)	<u>698</u>	<u>(2,325)</u>
Tax on profit on ordinary activities	<u>1,440</u>	<u>(1,928)</u>

(b) Tax included in statement of total recognised gains and losses

During the year £58,000 (2006 £482,000) deferred tax was credited direct to the Statement of Total Recognised Gains and Losses. This relates to the revaluation of items qualifying for tax relief which is also taken to reserves.

MEGGITT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

10 TAXATION ON ORDINARY ACTIVITIES *(continued)*

(c) Factors affecting current tax charge/(credit)

The tax assessed on the profit on ordinary activities for the year is lower (2006 lower) than the standard rate of corporation tax in the UK of 30% (2006 30%) The differences are explained below

	2007 £000	2006 £000
Profit on ordinary activities before taxation	<u>40,303</u>	<u>50,162</u>
Profit on ordinary activities multiplied by standard rate in the UK 30% (2006 30%)	12,091	15,049
Permanent differences	2,506	4,935
Timing differences	(4)	16
Utilisation of tax losses	(4,460)	(2,544)
Adjustments to tax charge in respect of previous periods	1,170	-
Double tax relief	<u>(10,561)</u>	<u>(17,059)</u>
Total current tax (note 10(a))	<u>742</u>	<u>397</u>

(d) Factors that may affect future tax charges

No provision has been made for taxation that would arise in the event of overseas subsidiaries distributing their reserves unless the dividends have been accrued as receivable or there is a binding agreement to distribute them Owing to the availability of foreign tax credits, it is currently estimated that no additional tax would arise if any such amounts were to be distributed

At 31 December 2007 there were no unprovided deferred tax assets in respect of unutilised losses (2006 £Nil)

The standard rate of Corporation Tax in the UK changes to 28% with effect from 1 April 2008

11. DIVIDENDS

Equity dividends

	2007 £000	2006 £000
Paid during the year		
Equity dividends on ordinary shares	<u>23,500</u>	<u>-</u>

On 21 December 2007 the directors approved the payment of an interim dividend of £27.32 per £1 ordinary share totalling £23,500,000

MEGGITT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

12. INTANGIBLE FIXED ASSETS

	Goodwill £000
COST	
At 1 January 2007	13,939
Exchange rate adjustment	(232)
At 31 December 2007	<u>13,707</u>
AMORTISATION	
At 1 January 2007	2,789
Charge for the year	677
Exchange rate adjustment	(38)
At 31 December 2007	<u>3,428</u>
NET BOOK VALUE	
At 31 December 2007	<u>10,279</u>
At 31 December 2006	<u>11,150</u>

13. INVESTMENTS

	Shares in subsidiary companies £000
COST	
At 1 January 2007	237,446
Exchange adjustment	(6,804)
Additions	775
Disposals	(658)
At 31 December 2007	<u>230,759</u>
AMOUNTS PROVIDED	
At 1 January 2007	26,344
Written back in the year	(1,781)
Disposals	(400)
At 31 December 2007	<u>24,163</u>
NET BOOK VALUE	
At 31 December 2007	<u>206,596</u>
At 31 December 2006	<u>211,102</u>

MEGGITT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

13. INVESTMENTS *(continued)*

The provision for impairment has been decreased to write the investments in subsidiaries back to their recoverable amounts

The following is a listing of direct subsidiary companies at 31 December 2007

Meggitt Asia Pacific Pte Limited - Singapore
Meggitt Holdings Canada Inc - Canada
Navarra de Componentes Electronicos SA - Spain
Endevco Vertriebs GmbH - Germany
Piher International GmbH - Germany
Meggitt BV - Netherlands
Piher International Nederland BV - Netherlands
Meggitt Holdings (USA) Inc - USA
Vibro Meter France SAS - France

The ordinary shares of all subsidiaries are wholly owned by Meggitt International Limited except as indicated below. Companies are incorporated in the countries shown. Details of the activities of the principal subsidiaries are set out in the Report and Accounts of Meggitt PLC

The company owns 100% of the common stock of Meggitt Holdings (USA) Inc and 25.36% of the Series A preferred stock

In the opinion of the directors, the aggregate value of the investments in subsidiary undertakings is not less than the amounts at which these investments are carried on the balance sheet

14. DEBTORS

	2007	2006
	£000	£000
Amounts owed by group undertakings	230,464	207,083
Corporation tax repayable	540	2,154
Deferred taxation (note 15)	2,670	3,310
	<u>233,674</u>	<u>212,547</u>

The deferred taxation above includes amounts which may reverse after more than one year dependent on the future performance of the business

The bank account of Meggitt International Limited is in the name Meggitt PLC - Re Meggitt International Limited. The legal title to this account rests with Meggitt PLC and thus rather than show a cash or overdraft balance at the year end it is shown as an inter-company trading balance. Amounts owed by group companies are interest bearing, unsecured and have no fixed date for repayment

MEGGITT INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

15. DEFERRED TAXATION

The deferred tax included in the balance sheet is as follows

	2007	2006
	£000	£000
Included in debtors (note 14)	<u>2,670</u>	<u>3,310</u>

The movement in the deferred taxation account during the year was

	2007	2006
	£000	£000
Balance brought forward	3,310	503
Profit and loss account movement arising during the year	(698)	2,325
Statement of total recognised gains and losses movement arising during the year	<u>58</u>	<u>482</u>
Balance carried forward	<u>2,670</u>	<u>3,310</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2007	2006
	£000	£000
Excess of depreciation over taxation allowances	986	1,000
Tax losses available	<u>1,684</u>	<u>2,310</u>
	<u>2,670</u>	<u>3,310</u>

16. CREDITORS: Amounts falling due within one year

	2007	2006
	£000	£000
Amounts owed to group undertakings	<u>14,274</u>	<u>13,154</u>

Amounts owed to group companies are interest bearing, unsecured and have no fixed date for repayment

17. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Meggitt PLC, whose accounts are publicly available

MEGGITT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

18. SHARE CAPITAL

Authorised share capital:

	2007 £000	2006 £000
250,000,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>

Allotted, called up and fully paid:

	2007 £000	2006 £000
860,290 Ordinary shares of £1 each	<u>860</u>	<u>860</u>

19. RESERVES

	Share premium account £000	Revaluation reserve £000	Other reserves £000	Profit and loss account £000
Balance at 1 January 2007	93,451	123,508	113,520	90,306
Profit for the year	—	—	—	38,863
Equity dividends	—	—	—	(23,500)
Other gains relating to the financial year	—	—	—	6,077
Other movements				
Exchange translation differences on revaluation reserve	—	(6,810)	—	—
Balance at 31 December 2007	<u>93,451</u>	<u>116,698</u>	<u>113,520</u>	<u>111,746</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2007 £000	2006 £000
Profit for the financial year	38,863	52,090
Equity dividends	(23,500)	—
Other gains relating to the financial year	6,077	24,395
Exchange translation differences on revaluation reserve	(6,810)	(26,319)
Net addition to shareholder's funds	<u>14,630</u>	<u>50,166</u>
Opening shareholder's funds	<u>421,645</u>	<u>371,479</u>
Closing shareholder's funds	<u>436,275</u>	<u>421,645</u>

MEGGITT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate and ultimate parent undertaking and controlling party is Meggitt PLC a company registered in England and Wales. Copies of the group financial statements of Meggitt PLC are publicly available from Meggitt PLC, Atlantic House, Aviation Park West, Bournemouth International Airport, Christchurch, Dorset BH23 6EW.