

PAIG German Holdings Limited
Directors' report and financial
statements

Registered number 4084394
Year ended 31 December 2007

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2007

Principal activities and review of the business

The company continues to operate as an intermediate parent undertaking

The profit and loss account for the year is set out on page 5

Dividends

The directors do not propose the payment of a dividend (2006 £Nil)

Directors and directors' interests

The directors who held office during the year are as follows

SL Duffield – resigned 30 April 2007

SD McCaslin

DG Robertson – resigned 30 April 2007

JP Findler – appointed 30 April 2007, resigned 4 December 2007

J McComasky – appointed 30 April 2007

PD Carter – appointed 5 November 2007

MA Kayser was appointed as a director of the company on 10 April 2008

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

The company has elected to dispense with the annual re-appointment of auditors and in the absence of a specific resolution, KPMG LLP will continue in office

By order of the board



SD McCaslin
Director

Watchmoor Point
Watchmoor Road
Camberley
Surrey
GU15 3EX

24 April 2008

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards.

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 judgments 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, 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

2 Cornwall Street
Birmingham
B3 2DL
United Kingdom

Independent auditors' report to the members of PAIG German Holdings Limited

We have audited the financial statements of PAIG German Holdings Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under 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 auditor's 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 on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 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 judgments 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 PAIG German Holdings Limited
(continued)

Opinion

In our opinion the financial statements

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended,
- 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

Walter W

KPMG LLP
Chartered Accountants
Registered Auditor

24 April 2008

Profit and loss account
for the year ended 31 December 2007

	<i>Note</i>	2007 £	2006 £
Operating result		-	-
Interest payable and similar charges	4	(1,117,074)	(1,017,558)
Loss on ordinary activities before taxation	2	(1,117,074)	(1,017,558)
Tax on loss on ordinary activities	5	-	-
Loss for financial year deducted from reserves	10	(1,117,074)	(1,017,558)

All amounts relate to continuing operations

There are no recognised gains or losses for the current or prior financial period other than those presented above

Balance sheet
at 31 December 2007

	<i>Note</i>	2007 £	2006 £
Fixed assets			
Investments	6	55,364,297	49,500,000
Current assets			
Debtors	7	473,200	473,200
Creditors Amounts falling due within one year	8	(12,539,096)	(11,422,022)
Net current liabilities		(12,065,896)	(10,948,822)
Net assets		43,298,401	38,551,178
Capital and reserves			
Called up share capital	9	55,864,297	50,000,000
Profit and loss account	10	(12,565,896)	(11,448,822)
Equity shareholders' funds	11	43,298,401	38,551,178

These financial statements were approved by the directors and signed on their behalf on 24 April 2008 by



SD McCaslin
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of accounting

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

The company is exempt by virtue of Section 228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

Taxation

Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Cash flow statement

The company is exempt under Financial Reporting Standard 1(revised) from the requirement to present a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Related party transactions

As permitted by paragraph 3(c) FRS8 (Related Party Disclosures), the company has taken advantage of the exemption for 90% subsidiaries not to disclose related party transactions with group entities. There were no other related party transactions disclosable under FRS8.

Going concern

The financial statements have been prepared on a going concern basis. The financial statements show net current liabilities of £12,065,896. However, the directors believe that the company will continue to trade for the foreseeable future and have concluded that the going concern basis of preparation is appropriate. They have received an undertaking from Seton House Group Limited that they will provide such financial support as is necessary to enable the company to continue trading for at least one year from the date of signing these financial statements.

Fixed asset investments

Investments in subsidiary undertakings are stated at cost less provision for impairment where necessary to reduce book value to recoverable amount.

2 Loss on ordinary activities before taxation

Auditors' remuneration is borne by another group company.

3 Directors' emoluments

No director received remuneration for services to the company during the year.

4 Interest payable and similar charges

	2007 £	2006 £
Payable to group undertakings	1,117,074	1,017,558

Notes (continued)

5 Taxation

Analysis of credit in period

	2007 £	2006 £
UK corporation tax		
Current tax for the period	-	-

Factors affecting the tax credit for the current period

The current tax credit for the period is lower than (2006 lower than) the standard rate of corporation tax in the UK of 30% (2006 30%). The differences are explained below

	2007 £	2006 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(1,117,074)	(1,017,558)
Current tax at 30% (2006 30%)	(335,122)	(305,267)
<i>Effects of</i>		
Unprovided timing difference	335,122	305,267
Total current tax credit (see above)	-	-

A deferred tax asset has not been recognised in respect of timing differences relating to the decrease in value of the company's fixed asset investment as there is insufficient evidence that the asset will be recovered. The asset would be recovered if the company disposed of its investment and was able to offset any resulting capital loss against a qualifying capital gain.

Factors that may affect future current and total tax charges

The corporation tax rate applicable to the UK companies within the group changed from 30% to 28% on 1 April 2008.

6 Fixed asset investments

	Interests in group undertakings £
<i>Cost</i>	
At 1 January 2007	60,000,000
Additions	5,864,297
At 31 December 2007	65,864,297
<i>Provision for impairment in value</i>	
At beginning and end of year	10,500,000
<i>Net book value</i>	
At 31 December 2007	55,364,297
At 31 December 2006	49,500,000

Notes (continued)

6 Fixed asset investments (continued)

Interests in group undertakings

The principal subsidiary companies are as follows

Company	Country of incorporation	Principal activities
<i>Directly owned</i>		
Premium Aircraft Interiors UK Limited	Great Britain	Manufacture, refurbishment and maintenance of aircraft seating and interiors
<i>Indirectly owned</i>		
Heath Tecna Pty Limited	Australia	Sales, refurbishment and maintenance of aircraft seating and interiors on behalf of parent company
Sell Premium Aircraft Interiors CZ s r o	Czech Republic	Manufacture, refurbishment and maintenance of aircraft interiors

All subsidiaries are 100% owned by the company or its subsidiaries, with the exception of Sell Premium Aircraft Interiors CZ s r o , (name changed to Premium Aircraft Interiors CZ s r o on 25 January 2008), which is 90% owned. All companies operate principally in their country of incorporation.

7 Debtors

	2007 £	2006 £
Corporation tax	473,200	473,200

8 Creditors: amounts falling due within one year

	2007 £	2006 £
Amounts owed to group undertakings	12,539,096	11,422,022

9 Called up share capital

	2007 £	2006 £
<i>Authorised:</i>		
56,000,000 ordinary shares of £1 each	56,000,000	50,000,000
<i>Allotted, called up and fully paid:</i>		
55,864,297 ordinary shares of £1 each	55,864,297	50,000,000

10 Profit and loss account

	£
At beginning of the year	(11,448,822)
Loss for the year	(1,117,074)
At end of the year	(12,565,896)

Notes (continued)

11 Reconciliation of movements in shareholders' funds

	2007 £
Loss for the financial year	(1,117,074)
Shares issued during the year	5,864,297
Shareholders' funds at beginning of the year	38,551,178
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Shareholders' funds at end of year	43,298,401
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12 Contingent liabilities

The company is a guarantor of term and revolving debt facilities totalling at 31 December 2007 £51 million, which are available to Seton House Group Limited and certain of its subsidiaries

13 Immediate and ultimate parent undertaking

The company's immediate parent company is Seton House International GmbH and the ultimate parent company is PAIG Investments Limited. The largest group in which the results of the company are consolidated is that headed by Seton House Group Limited, incorporated in Great Britain. The consolidated financial statements of Seton House Group Limited are available to the public and may be obtained from The Secretary, Watchmoor Point, Watchmoor Road, Camberley, Surrey, GU15 3EX.