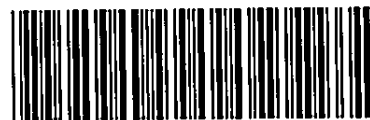


SGL (HOLDINGS) LIMITED

(Registered No 5172520)

DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2008

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SGL (HOLDINGS) LIMITED

DIRECTORS' REPORT

The directors present their report and audited accounts for the year ended 31st March 2008. This report has been prepared in accordance with the special provisions relating to small companies under s 246(8) Companies Act 1985.

PRINCIPAL ACTIVITIES AND BUSINESS DEVELOPMENT

The principal activity of the Company is that of investment in subsidiary undertakings.

RESULTS AND DIVIDENDS

The Company made a loss of £8,491,000 (2007: £3,830,000) after charging interest on long term bank financing loans amounting to £4,684,000 (2007: £3,163,000). The directors cannot recommend a dividend for the year (2007: Nil).

DIRECTORS

The directors holding office during the year were –

J Earp (resigned 18th October 2007)

W S McChesney

D J Wilman

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to meet its foreseeable obligations and to continue in operational existence in the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

CHARITABLE AND POLITICAL DONATIONS

There were no political or charitable donations made during the year.

SGL (HOLDINGS) LIMITED

DIRECTORS' REPORT (continued)

AUDITORS

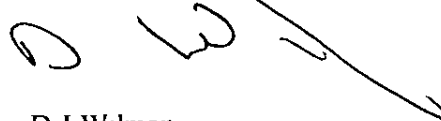
In the case of each of the persons who are directors of the company at the date when this report was approved

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

The Company has elected to dispense with the holding of annual general meetings, the laying of accounts before the Company in general meetings and the annual appointment of auditors. Accordingly Deloitte & Touche LLP will continue to act as auditors to the Company

By order of the Board

A handwritten signature in black ink, appearing to be 'D J Wilman', written over a diagonal line.

D J Wilman
Secretary

28th July 2008

SGL (HOLDINGS) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 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 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.

SGL (HOLDINGS) LIMITED

REPORT OF THE INDEPENDENT AUDITORS

Independent Auditors' Report to the members of SGL (Holdings) Limited

We have audited the financial statements of SGL (Holdings) Limited for the year ended 31st March 2008 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' deficit and the related notes 1 to 17

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

The directors' responsibilities for preparing the Annual Report and 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).

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.

SGL (HOLDINGS) LIMITED

REPORT OF THE INDEPENDENT AUDITORS (continued)

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.

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 31st March 2008 and of its loss 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

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Manchester
United Kingdom

28th July 2008

SGL (HOLDINGS) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st MARCH 2008

	<u>Note</u>	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
Other external charges		(224)	64
Exceptional costs relating to the Group debt rescheduling	2	(1,764)	0
Staff costs		<u>(239)</u>	<u>(204)</u>
OPERATING LOSS		(2,227)	(140)
Net interest payable	4	<u>(6,264)</u>	<u>(3,690)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(8,491)	(3,830)
Taxation	5	<u>0</u>	<u>0</u>
RETAINED LOSS FOR THE YEAR		(8,491)	(3,830)
Retained loss brought forward		<u>(12,406)</u>	<u>(8,576)</u>
RETAINED LOSS CARRIED FORWARD		<u>(20,897)</u>	<u>(12,406)</u>

The notes on pages 10 to 18 form part of these accounts

All the results derive from continuing operations

The Company has no recognised gains and losses other than the results for the current and prior year as disclosed above, accordingly a separate statement of total recognised gains and losses has not been included


SGL (HOLDINGS) LIMITED

BALANCE SHEET AT 31st MARCH 2008

	<u>Note</u>	<u>2008</u> <u>£'000</u>	<u>£'000</u>	<u>2007</u> <u>£'000</u>	<u>£'000</u>
FIXED ASSETS					
Investments	6		146,025		128,947
CURRENT ASSETS					
Debtors amounts falling due within one year	7	2,536		980	
Cash at bank and in hand		<u>351</u>		<u>13</u>	
		2,887		993	
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	8	<u>(29,822)</u>		<u>(27,757)</u>	
NET CURRENT LIABILITIES			<u>(26,935)</u>		<u>(26,764)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			119,090		102,183
CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	9		(54,031)		(33,443)
PROVISIONS FOR LIABILITIES	10		<u>(300)</u>		<u>(2,986)</u>
NET ASSETS			<u>64,759</u>		<u>65,754</u>
CAPITAL AND RESERVES					
Called up share capital	11		39,671		39,080
Share premium	11		45,985		39,080
Profit and loss account			<u>(20,897)</u>		<u>(12,406)</u>
EQUITY SHAREHOLDERS' FUNDS			<u>64,759</u>		<u>65,754</u>

The notes on pages 10 to 18 form part of these accounts

The accounts were approved by the Board of Directors on 28th July 2008



D J Wilman
Director

SGL (HOLDINGS) LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

FOR THE YEAR ENDED 31st MARCH 2008

	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
Loss for the financial year	(8,491)	(3,830)
Shares issued	7,496	0
Opening shareholders' funds	<u>65,754</u>	<u>69,584</u>
Closing shareholders' funds	<u>64,759</u>	<u>65,754</u>

SGL (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS

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 PREPARATION

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost accounting rules

BASIS OF CONSOLIDATION

Consolidated accounts have not been prepared as allowed by S228 of the Companies Act 1985. The accounts of the Company are included in the consolidated accounts of the ultimate parent company, SGL Limited

FOREIGN CURRENCY

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing as at that date or if appropriate, at the forward contract rate

RELATED PARTY TRANSACTIONS

As the Company is a wholly owned subsidiary of SGL Limited, the Company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of SGL Limited, within which this company is included, can be obtained from the address given in note 15

SGL (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS (continued)

1. ACCOUNTING POLICIES (continued)

TAXATION

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

INVESTMENTS

Fixed asset investments are shown at cost less provision for impairment

FINANCE COSTS

Finance costs of debt are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount

SGL (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS (continued)

2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
Loss on ordinary activities before taxation is after the following		
Exceptional costs	1,764	0
Auditors' remuneration – audit of the company's annual accounts	12	12

The exceptional costs relate to the Group debt rescheduling that took place in September 2007 and are made up of legal and professional fees incurred

3. INFORMATION ON DIRECTORS AND EMPLOYEES

Other than the directors there were no employees. The directors received no emoluments during the year from this Company (2007: £nil)

4. NET INTEREST PAYABLE

	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
On bank loans and overdrafts	4,684	3,163
Amortisation of finance costs	434	523
Unamortised finance costs written off on old debt	1,494	0
Other	<u>0</u>	<u>4</u>
	6,612	3,690
Interest receivable	<u>(348)</u>	<u>0</u>
	<u>6,264</u>	<u>3,690</u>

SGL (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS (continued)

5. TAXATION

There is no current or deferred taxation in either the current or prior year

The tax charge for the year is higher than the standard rate of corporation tax in the UK of 30%. The differences are explained below

	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
Loss on ordinary activities before tax	<u>(8,491)</u>	<u>(3,830)</u>
Current tax at 30% (2007 30%)	(2,547)	(1,149)
Effects of		
Expenses not deductible for tax purposes	503	0
Losses carried forward	1,077	1,156
Group relief surrendered	930	0
Other timing differences	<u>37</u>	<u>(7)</u>
Current tax charge for the year	<u><u>0</u></u>	<u><u>0</u></u>

Deferred tax assets not provided comprises

	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
Short term timing differences	(55)	(15)
Losses carried forward	<u>(5,458)</u>	<u>(4,137)</u>
	<u>(5,513)</u>	<u>(4,152)</u>

The deferred tax assets have not been recognised due to the uncertainty over their recovery

SGL (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS (continued)

6. FIXED ASSET INVESTMENTS

	<u>Shares in Group</u> <u>Undertakings</u> <u>£'000</u>
At 1 st April 2007	128,947
Additions	<u>17,078</u>
At 31 st March 2008	<u>146,025</u>

The investment represents 100% of the issued share capital of Survitec Group Limited

The additions in the year represent an increase in the investment in Survitec Group Limited

Details of the principal subsidiary undertakings are shown in note 13 on page 17

7. DEBTORS

	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
Amounts falling due within one year		
Amounts owed by parent and subsidiary undertakings	2,512	957
Prepayments and accrued income	<u>24</u>	<u>23</u>
	<u>2,536</u>	<u>980</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
Bank loans net of financing costs (£357,000) (2007 £447,000) (note 12)	1,143	1,053
Amounts owed to parent and subsidiary undertakings	26,210	25,330
Other creditors	2,053	972
Accruals	<u>416</u>	<u>402</u>
	<u>29,822</u>	<u>27,757</u>

SGL (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS (continued)

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
Bank loans net of financing costs (£1,966,000) (2007 £1,287,000) (note 12)	<u>54,031</u>	<u>33,443</u>

10. PROVISION FOR LIABILITIES

	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
Provision for deferred consideration	<u>300</u>	<u>2,986</u>

This relates to deferred consideration which may become payable in the event that certain taxation reliefs crystallise

11. SHARE CAPITAL

AUTHORISED

	<u>Ordinary Shares of £1 each</u>	
	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
<u>39,670,520 (2007 39,080,000)</u>	<u>39,671</u>	<u>39,080</u>

ALLOTTED, CALLED UP AND FULLY PAID

Ordinary Shares of £1 each

		<u>PAID UP</u> <u>AMOUNT</u> <u>£'000</u>	<u>SHARE</u> <u>PREMIUM</u> <u>£'000</u>
	<u>No</u>		
<u>39,670,520</u>	As at 31 st March 2008	<u>39,671</u>	<u>45,985</u>
<u>39,080,000</u>	As at 31 st March 2007	<u>39,080</u>	<u>39,080</u>

On 12th September 2007 the Company issued 590,520 £1 ordinary shares at a premium of £11 69 per ordinary share

SGL (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS (continued)

12. LOANS

Amounts repayable under the terms of loans at 31st March were

	<u>2008</u>	<u>2007</u>
	<u>£'000</u>	<u>£'000</u>
Bank loans		
Secured		
Sterling loan at 2 25% above LIBOR	15,225	15,600
Sterling loan at 2 75% above LIBOR	21,136	0
Sterling loan at 3 25% above LIBOR	21,136	0
Sterling loan at 3 75% above LIBOR	<u>0</u>	<u>20,630</u>
	57,497	36,230
Less issue costs	<u>(2,323)</u>	<u>(1,734)</u>
	<u>55,174</u>	<u>34,496</u>

	<u>2008</u>	<u>2007</u>
	<u>£'000</u>	<u>£'000</u>
Repayment of loans is as follows		
Repayable within one year	1,500	1,500
Repayable between one and two years	2,000	2,500
Repayable between two and five years	7,600	11,600
Repayable after more than five years	<u>46,397</u>	<u>20,630</u>
	57,497	36,230
Less issue costs	<u>(2,323)</u>	<u>(1,734)</u>
	<u>55,174</u>	<u>34,496</u>
Amounts due in less than one year	<u>1,143</u>	<u>1,053</u>
Amounts due after more than one year	<u>54,031</u>	<u>33,443</u>

The Sterling loan at 2 25% above LIBOR is repayable by six monthly instalments in September and March

The Sterling loan at 2 75% above LIBOR is repayable on 30th September 2015

The Sterling loan at 3 25% above LIBOR is repayable on 30th September 2016

The Sterling loan at 3 75% above LIBOR was repaid on 14th September 2007 as part of the Group debt rescheduling

The loans are secured by way of a fixed and floating charge over the assets of the Company

SGL (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS (continued)

13. SUBSIDIARY UNDERTAKINGS

The principal subsidiary undertakings of the Company at 31st March 2008 are set out below Unless otherwise stated, the 100% interest in each undertaking is represented by equity capital and each undertaking operates from its country of incorporation, which if other than Great Britain is stated below

	<u>Country of Incorporation</u>	<u>Principal Activity</u>
Survitec Group Limited		Inflatable life saving equipment, specialised submarine escape equipment and pilot flight equipment
#* RFD Beaufort Limited		Inflatable life saving equipment, specialised submarine escape equipment and pilot flight equipment
#* RFD Limited		Inflatable life saving equipment
#* Beaufort Air-Sea Equipment Limited		Specialised submarine escape equipment and pilot flight equipment
#* Lifeguard Equipment Limited		Inflatable life saving equipment and specialised clothing
* Survival-One Limited		Rental and sales of survival suits to the offshore oil and gas industry
* Shark Sports Limited		Manufacturer of survival suits
* RFD Beaufort Inc	USA	Inflatable life saving equipment
* DSB Deutsche Schlauchboot GmbH & Co KG	Germany	Inflatable liferafts, boats and special products
* Eurovinil S p A	Italy	Inflatable liferafts and large inflatable buildings
* RFD (Australia) Pty Limited	Australia	Sales and service of marine safety equipment
* RFD New Zealand Limited	New Zealand	Sales and service of marine safety equipment
* RFD Japan Limited (80%)	Japan	Sales and service of marine safety equipment
* W H Brennan & Co (Private) Limited	Singapore	Sales and service of marine safety equipment
* W H Brennan (Hong Kong) Limited	Hong Kong	Sales and service of marine safety equipment
* W H Brennan (Shanghai) Co Limited	China	Sales and service of marine safety equipment
* RFD France S A S	France	Sales and service of marine safety equipment
* The share capital of these companies was held by subsidiary undertakings of the Company		
# The business assets and liabilities of RFD Beaufort Limited, RFD Limited, Beaufort Air-Sea Equipment Limited and Lifeguard Equipment Limited are owned by Survitec Group Limited and these companies trade as agents for that company		

The information given above relates only to undertakings whose results or financial position significantly affected the figures in these accounts

SGL (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS (continued)

14. CONTINGENT LIABILITIES

The Company has cross-guaranteed the repayment of bank loans and overdrafts of certain entities in the SGL Limited group amounting to £113,380,000 (2007 £86,136,000)

15. PARENT COMPANY

SGL Limited is the Company's ultimate parent undertaking, which is registered and incorporated in England and Wales. The largest and smallest group in which the results of the Company are consolidated is that headed by SGL Limited.

Copies of the accounts of SGL Limited are available from the Company Secretary c/o Survitec Group Limited, Kingsway, Dunmurry, Belfast, BT17 9AF.

16. ULTIMATE CONTROLLING PARTY

The directors of SGL (Holdings) Limited regard Montagu Private Equity Limited as the ultimate controlling party of the Group.

17. CASHFLOW STATEMENT

Under Financial Reporting Standard 1 (Revised), the Company is exempt from the requirement to prepare a cashflow statement on the grounds that it is a wholly owned subsidiary undertaking.