

Trelleborg Sealing Solutions UK Limited

Annual report and financial statements
for the year ended 31 December 2005

Registered Number: 446036



Trelleborg Sealing Solutions UK Limited

Annual report and financial statements for the year ended 31 December 2005

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Trelleborg Sealing Solutions UK Limited

Directors' report for the year ended 31 December 2005

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2005.

Principal activities and business review

The principal activities of the company remain the manufacture of high performance fluid seals and precision polymer mouldings.

Turnover for the year ended 31 December 2005 was £87.9m (2004: £98.3m) and the loss before tax was £0.3m (2004: profit before tax £1.8m). The directors do not recommend a dividend on ordinary shares (2004: £nil).

Post balance sheet events

On 18 August 2006 the Ashchurch site was sold to Easter Developments Group for consideration of £4.5m.

Future business developments

The company expects to continue the balanced strategy of seeking sales growth in its core activities whilst enhancing operating margins across its business units.

Directors and their interests

The directors of the company who served during the year ended 31 December 2005 were as follows:

K M Fisher
R A Kent
U Graden (resigned 11 May 2005)
D Semple (resigned 11 May 2005)
J Woodlock (resigned 31 March 2005)
R Broadley (appointed 11 May 2005)
F Shaw (appointed 11 May 2005)

The company is exempted from disclosing interests of the directors and their families in the share capital of the ultimate parent company by virtue of the Companies Regulation 1985 (SI 1985 no 802).

Financial Risk Management

The Company's operations expose it to a variety of financial risks including the effects of credit risk. As a subsidiary of Trelleborg AB, all the Company's funding is provided through a fellow subsidiary via a current account. The overarching Group policies in relation to external risks, including interest rate risk, foreign exchange risk and liquidity risk all of which are managed centrally by Group Treasury, are set out in the Annual Report and Accounts of Trelleborg AB. The Company does not use derivative financial instruments to manage interest rate costs.

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed by the Board. The Board receives regular reports on amounts due and amounts significantly overdue and the relevant action taken.

Research and development

The company is currently undertaking research and development into sealing solutions for its customers within the Industrial and Airframe seals divisions.

Trelleborg Sealing Solutions UK Limited

Directors' report for the year ended 31 December 2005 (continued)

Disabled persons

During the period the company has continued its policy of providing employment to disabled persons and persons becoming disabled during their employment with the company. Subject to availability of employment suitable to the disability of the individuals concerned, disabled employees are not discriminated against for any purpose, including training, career development and promotion.

Consultation

The company maintains a policy of regular consultation and discussion with its employees on a wide range of issues that are likely to affect their interests and ensure that all employees are aware of the financial and economic performance of their business units and of the company as a whole.

Parent company and payment policy

The ultimate parent undertaking at 31 December 2005 was Trelleborg AB.

It is the company's policy to agree the terms of settlement with its suppliers which are appropriate for the markets in which they operate, and to abide by such terms where suppliers have also met their obligations.

On average, the company took 27 days (31 December 2004: 21 days) to pay its trade creditors during the year.

Statement of directors responsibilities in relation to financial statements

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to assume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently, as explained on page 6 under note 1, "Accounting policies". They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have been followed.

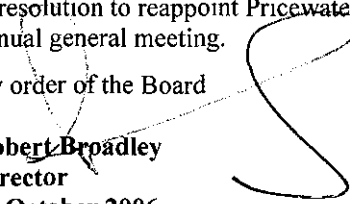
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that these financial statements comply with these requirements.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board


Robert Bradley
Director
26 October 2006

Independent auditors' report to the members of Trelleborg Sealing Solutions UK Limited

We have audited the financial statements of Trelleborg Sealing Solutions UK Limited for the year ended 31 December 2005 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.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom 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). 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 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.

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 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham

31 OCTOBER 2006

Trelleborg Sealing Solutions UK Limited

Profit and loss account for the year ended 31 December 2005

	Notes	Year ended 31 December 2005 £'000	As restated Year ended 31 December 2004 £'000
Turnover – continuing operations	3	87,943	98,256
Cost of sales		(63,787)	(70,655)
Gross profit		24,156	27,601
Administrative expenses		(21,365)	(22,775)
Operating profit before exceptional items		3,574	6,668
Exceptional items	4	(783)	(1,842)
Operating profit – continuing operations	4	2,791	4,826
Profit on disposal of discontinued operations	2	-	13
Profit on ordinary activities before interest and taxation		2,791	4,839
Other finance charges	22	-	(33)
Net interest payable and similar charges	6	(3,138)	(3,013)
(Loss)/profit on ordinary activities before tax		(347)	1,793
Tax on (loss)/profit on ordinary activities	7	588	(166)
Profit for the financial period	19	241	1,627

The notes on pages 6 to 25 are an integral part of the financial statements.

The company had no recognised gains or losses other than the loss for the year to December 2005 (2004: £nil). The result for these financial periods reported on an unmodified historical cost basis was not significantly different from the results reported in the profit and loss account.

Trelleborg Sealing Solutions UK Limited

Balance sheet as at 31 December 2005

	Note	2005 £'000	As restated 2004 £'000	£'000
Fixed assets				
Intangible fixed assets	8	17,578		19,520
Tangible fixed assets	9	17,225		21,494
Investments	11	1,800		1,800
		36,603		42,814
Current assets				
Stocks	12	4,066	5,878	
Debtors	13	40,465	37,512	
Cash at bank and in hand		319	271	
		44,850	43,661	
Creditors: falling due within one year	14	(13,640)	(13,901)	
Net current assets		31,210		29,760
Total assets less current liabilities		67,813		72,574
Creditors: falling due after more than one year	14	(63,968)		(64,604)
Provisions for liabilities and charges				
Deferred taxation	15	(717)	(1,933)	
Other provisions	16	(781)	(3,931)	
		(1,498)		(5,864)
Net assets excluding pension liability		2,347		2,106
Pension liability	22	-		-
Net assets including pension liability		2,347		2,106
Capital and reserves				
Share capital	17	10,050		10,050
Revaluation reserve	18	1,542		2,828
Profit and loss reserve	19	(9,245)		(10,772)
Total shareholders' funds	20	2,347		2,106

The notes on pages 6 to 25 form an integral part of these financial statements.

The financial statements on pages 4 to 25 were approved by the board of directors on 26 October 2006 and signed on its behalf by:

Robert Broadley
Director

Trelleborg Sealing Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2005

1 Accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis in accordance with the Companies Act 1985 and applicable accounting standards under the historical cost convention (modified by the revaluation of properties). As the company was a wholly owned subsidiary of Trelleborg AB as at 31 December 2005, no consolidated financial statements have been prepared, in accordance with s228 of the Companies Act 1985.

The directors have reviewed the Company's existing accounting policies and consider that they are 'most appropriate' in accordance with FRS 18.

Change in accounting policy

The company has adopted FRS 17 'Retirement benefits' in these financial statements. The adoption of this standard represents a change in accounting policy and the comparative figures have been restated accordingly.

The effect of the change in accounting policy to adopt FRS 17 was to decrease staff costs by £nil (2004: £4,635,000) and increase other financial charges by £nil (2004: £53,000).

Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of Trelleborg AB and is included in the consolidated financial statements of Trelleborg AB, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1. the company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Trelleborg AB group or investees of the Trelleborg AB group.

Turnover and revenue recognition

Revenues comprise the fair value of goods and services sold less VAT and discounts, and after the elimination of inter-company sales.

Revenues are recognised during the period in which the product is delivered and when all significant risks and benefits related to ownership have been transferred to the purchaser. Net sales are recognised after deduction of VAT and adjusted for any discounts and exchange rate differences where sales are conducted in foreign currencies.

Research and development

All expenditure not under contract in respect of research and development, including the production of prototypes, is written off as incurred. No book value is attributed to patents.

Current taxation

Corporation tax payable is provided on taxable profits at current rates.

Trelleborg Sealing Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2005 (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 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. Deferred tax assets are only recognised when it is considered more likely than not that there will be suitable taxable profits from which the future reversal of any underlying timing differences can be deducted. Timing differences arise between the company's taxable profit and its results as stated in the financial statements. 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 substantially enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at closing rates of exchange prevailing at the date of transaction or, where appropriate, at the rate in a related foreign currency futures contract. Profits and losses on the retranslation of monetary assets and liabilities are included in the operating result. Monetary assets and liabilities are retranslated at the rates of exchange prevailing at the balance sheet date unless there is a foreign currency future contract in which case they are translated at that contract rate. Non-monetary assets and liabilities are not retranslated.

Goodwill

Goodwill arising on acquisition, where the fair value of the purchase consideration exceeds the fair value attributed to the net assets acquired is carried forward as an intangible asset and amortised over its estimated useful economic life of between 5 and 20 years.

Tangible fixed assets

Tangible fixed assets are included at cost or valuation. Depreciation is provided on a straight line basis at the annual rates shown below and is calculated on full historical cost or valuation from the date of purchase or valuation.

Freehold land	Nil
Freehold and long leasehold buildings	2% and 10%
Plant, equipment and tooling	6 - 33.3%
Motor vehicles	25%

The value of land and buildings includes a revaluation made in 1991 to £2,945,000. On adoption of FRS 15 the directors decided to adopt the transitional rules and retain the valuation in the financial statements, but have no future plans to revalue tangible fixed assets.

Warranty provision

Provisions are made for anticipated warranty costs on goods sold under warranty. The provision is calculated based on historical experience. Where a new product is introduced, provision is made based on previous experience of similar products.

Trelleborg Sealing Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

1 Accounting policies (continued)

Impairment

Intangible, tangible fixed assets and investments are subject to review of impairment in accordance with FRS 11, Impairment of Fixed Assets and Goodwill. Any impairment in the value of such fixed assets is charged to the profit and loss account, as an additional component of depreciation charges, as it arises.

Assets with an indefinite useful life are not amortised but tested annually for impairment. Assets that are subject to amortisation /depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses are recognised by the amount by which the carrying amount of the net asset exceeds its recoverable amount, which is the higher of fair value less costs to sell and value in use. In calculating value in use, future cash flows are discounted at an interest rate that takes into account the market's assessment of risk-free interest and risk related to the specific asset. For assets dependent on other assets generating cash flow, the recoverable amount is calculated for the cash generating unit to which the asset belongs.

Impairment losses are reversed if there is a change in the recoverable amount, with the exception of impairment losses on goodwill.

Leasing

Arrangements which transfer substantially all of the risks and rewards of assets to the company are classified as finance leases. All other arrangements are classified as operating leases.

Assets held under finance leases are recorded as tangible fixed assets and depreciated over the shorter of the lease term and their useful life. A corresponding liability for lease payments is categorised under creditors (due within or after one year).

Amounts payable under operating leases are charged to the profit and loss account as they fall due.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises manufacturing labour and materials, together with an appropriate share of overhead expenses.

Retirement benefits

For part of the previous year, the Company was a member of a Group pension scheme that is of a defined benefit type. Retirement benefits were payable through separately funded UK pension schemes.

The company also operated a small defined benefit scheme, Busak and Shamban UK Pension Scheme for part of the previous year. Contributions to pension schemes were made on the basis of independent actuarial advice and charged to the profit and loss account so as to spread the cost, including variation from regular cost, over the remaining service lives of employees in the schemes.

The company now operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

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Notes to the financial statements for the year ended 31 December 2005 (continued)

2 Profit on disposal of business

On 1 January 2005, the company sold the trade and assets of its Unitex, ECP and Signature Management businesses to a fellow Group company.

	£'000
Sale proceeds	613
Net assets disposed of:	
Goodwill	(236)
Fixed assets	(368)
Stock	(495)
Debtors - prepayments	(11)
Creditors - accruals	497
Profit on sale of business	-

In the prior year the company sold the trade and assets of its Fluoro Precision Coatings division.

3 Turnover

By territory of destination:

	Year ended 31 December 2005			Year ended 31 December 2004		
	Third party	Intra- group Sales	Total	Third party	Intra- group Sales	Total
	£'000	£'000	£'000	£'000	£'000	£'000
USA	597	2,020	2,617	7,405	1,300	8,705
Europe	9,031	22,149	31,180	11,969	16,517	24,486
Rest of world	5,346	1,146	6,492	6,920	1,900	8,820
Exports	14,974	25,315	40,289	26,294	19,717	46,011
United Kingdom	44,965	2,689	47,654	45,030	7,215	52,245
	59,939	28,004	87,943	71,324	26,962	98,256

Intra-group sales relate to transactions with related parties within the Trelleborg AB group.

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Notes to the financial statements for the year ended 31 December 2005 (continued)

4 Operating profit

Operating profit is stated after charging/ (crediting):

	Year ended 31 December 2005	Year ended 31 December 2004
	£'000	£'000
Amortisation of intangible fixed assets (Note 8)	1,706	1,720
Depreciation of tangible fixed assets (Note 9)		
Owned assets (including restructuring – fixed asset impairment £627,000)	3,134	2,537
Auditors' remuneration – audit services	102	73
Profit on sale of fixed assets	24	30
Operating lease rentals:		
Plant and equipment	289	643
Land and buildings	464	542
Research and development expenditure	1,303	520
Management charges (net)	(835)	(988)
Exceptional items;		
a) Restructuring - Reorganisation (Note 16)	613	6,453
b) Curtailment gain (Note 22)	-	(4,611)
c) Write back of intercompany balance previously written off (see below)	(457)	-

An intercompany balance previously written off has now been recovered from the immediate parent company.

Trelleborg Sealing Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

5 Staff costs

a) Staff costs (including directors) comprise:

		Year ended 31 December 2005	As restated Year ended 31 December 2004
		£'000	£'000
Wages and salaries	- excluding redundancy costs	25,982	28,594
	- redundancy costs	231	711
		26,213	29,305
Social Security costs		2,632	2,848
Pension costs		1,794	(2,291)
		30,639	29,862

Credit pension costs in 2004 have arisen due to a curtailment gain on the closure of the Busak and Shamban UK defined benefit pension scheme, which covered certain of the company's employees until 31 March 2004. More details are included in note 22.

b) The average number of persons employed by the company including executive directors during the period:

	Number	Number
Manufacturing	725	885
Sales	156	145
Technical	31	55
Finance, administration and management	188	191
	1,100	1,276

c) Details of directors' emoluments are as follows:

	£'000	£'000
Aggregate emoluments (including benefits and annual performance related payments)	698	483
Contributions to money purchase pension schemes	75	56

Trelleborg Sealing Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

5 Staff costs (continued)

	Year ended 31 December 2005	Year ended 31 December 2004
	£'000	£'000
Highest paid director:		
Emoluments	220	166
Contributions to money purchase pension scheme	30	22
	250	188

No director who served during the year was entitled to a defined benefit pension arrangement (31 December 2004: 4 directors). During 2004 the directors became members of the defined contribution pension scheme.

None of the directors had any beneficial interest in the shares of the Company.

6 Interest

	Year ended 31 December 2005	Year ended 31 December 2004
	£'000	£'000
Bank interest receivable	(240)	(22)
Bank overdraft	4	195
Payable to group companies	3,374	2,840
Bank interest payable	3,378	3,035
Net interest payable	3,138	3,013

Trelleborg Sealing Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

7 Tax on loss on ordinary activities

	Year ended 31 December 2005	Year ended 31 December 2004
	£'000	£'000
Current taxation		
Current corporation tax charge	864	467
Adjustment in respect of prior periods	(236)	(277)
Total current tax charge	628	190
Deferred taxation		
Current year credit	(425)	(24)
Adjustment in respect of prior periods	(791)	-
Total deferred tax credit	(1,216)	(24)
Tax (credit)/charge	(588)	166

The tax assessed for the year is higher (2004: lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	Year ended 31 December 2005	Year ended 31 December 2004
	£'000	£'000
(Loss)/profit on ordinary activities	(347)	1,793
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in UK of 30% (31 December 2004: 30%)	(104)	538
Expenses not deductible for tax purposes (relates primarily to goodwill amortisation)	573	1,212
Accelerated capital allowances and other timing differences	349	(98)
Other timing differences	48	(1,185)
Non taxable gain on sale of fixed assets	(2)	-
Adjustment in respect of prior periods	(236)	(277)
Total current tax charge	628	190

Trelleborg Sealing Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

8 Intangible fixed assets

	Goodwill
	£'000
Cost	
At 1 January 2005	34,375
Disposals (note 2)	(270)
At 31 December 2005	34,105
Amortisation	
At 1 January 2005	(14,855)
Disposals (note 2)	34
Provided during the year	(1,706)
At 31 December 2005	(16,527)
Net book value	
At 31 December 2005	17,578
At 31 December 2004	19,520

Goodwill arose on acquisitions, where the fair value of the purchase consideration exceeded the fair value attributed to the net assets acquired. Goodwill is carried forward and amortised over its estimated useful economic life of between 5 and 20 years.

Trelleborg Sealing Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

9 Tangible fixed assets

	Freehold Land and Buildings	Leasehold Land and Buildings	Plant & Equipment	Motor Vehicles	Con- struction in progress	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 January 2005	8,271	1,088	29,116	22	2,109	40,606
Additions - group	-	-	541	-	-	541
- other	49	89	1,851	-	11	2,000
Disposals - group	-	-	(2,270)	-	(47)	(2,317)
- business (note 2)	-	-	(1,349)	-	-	(1,349)
- other	(1,664)	(8)	(3,534)	(22)	(1,184)	(6,412)
At 31 December 2005	6,656	1,169	24,355	-	889	33,069
Depreciation						
At 1 January 2005	(1,001)	(227)	(17,862)	(22)	-	(19,112)
Charged during the year	(104)	(52)	(2,351)	-	-	(2,507)
Impairment of assets (note f)	(294)	-	(333)	-	-	(627)
Disposals - group	-	-	1,871	-	-	1,871
- business (note 2)	-	-	981	-	-	981
- other	481	8	3,039	22	-	3,550
At 31 December 2005	(918)	(271)	(14,655)	-	-	(15,844)
Net book amount						
At 31 December 2005	5,738	898	9,700	-	889	17,225
At 31 December 2004	7,270	861	11,254	-	2,109	21,494

(a) Fixed assets are included at full historical cost to the company except for certain land and buildings which are included at valuations carried out by Chartered Surveyors, Bruton Knowles on 31 March 1991 on an existing use basis at £2,945,000.

On adoption of FRS 15 the company took advantage of the transitional rules conferred by the standard and retained this valuation. No further revaluations will be undertaken.

Trelleborg Sealing Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

9 Tangible fixed assets (continued)

(b) Comparable figures for land and buildings on an historical cost basis:

	2005	2004
	£'000	£'000
Cost	2,050	2,050
Depreciation	(1,131)	(1,103)
	919	947

(c) Included in land and buildings is freehold land of £2,871,000 (31 December 2004: £3,801,000) which is not depreciated.

(d) Assets held under finance leases and capitalised in plant and equipment is £nil. (31 December 2004: £nil)

(e) The net book value of land and buildings comprises:

	2005	2004
	£'000	£'000
Freehold	6,027	7,270
Long leaseholds	790	742
Short leaseholds	108	119
Net book value	6,925	8,131

(f) Assets subject to the re-organisation disclosed in note 16 have been written down, as an impairment of assets, to their individual net realisable values.

10 Commitments for future capital expenditure

	2005	2004
	£'000	£'000
Contracted	360	203

Trelleborg Sealing Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

11 Investments

Investments					
£'000					
Cost and net book value					
At 1 January 2005 and 31 December 2005					
1,800					
	Country of incorporation	Class of share capital held	Status	Proportion held	Capital and reserves
					£'000
Busak + Shamban UK Limited	England	Ordinary	Dormant	100%	1,800
Orkot Limited	England	Ordinary	Dormant	100%	Nil
Wills Engineered Polymers Limited	England	Ordinary	Dormant	100%	Nil
Trellprecision Limited	England	Ordinary	Dormant	100%	Nil
Woodville Polymer Engineering Limited	England	Ordinary	Dormant	100%	Nil
Specialised Elastomers Limited	England	Ordinary	Dormant	*100%	Nil
Unitex Limited	England	Ordinary	Dormant	100%	Nil

* Specialised Elastomers Limited is a wholly owned subsidiary of Woodville Polymer Engineering Limited.

12 Stocks

	2005	2004
	£'000	£'000
Raw materials and consumables	2,484	2,596
Work in progress	900	966
Finished goods	682	2,316
	4,066	5,878

Trelleborg Sealing Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

13 Debtors

	2005	2004
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	10,534	13,038
Amounts owed by group undertakings	28,876	23,474
Prepayments and accrued income	1,055	1,000
	40,465	37,512

14 Creditors

	2005	2004
	£'000	£'000
Falling due within one year:		
Bank Overdraft	261	-
Trade creditors	4,627	4,129
Amounts owed to group undertakings	2,710	3,037
Other tax and social security	788	849
Other creditors	1,026	9
Corporation tax	635	190
Accruals & deferred income	3,593	5,687
	13,640	13,901
Falling due after more than one year:		
Amounts owed to group undertakings	63,968	64,604

Trelleborg Sealing Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

14 Creditors (continued)

Amounts owed to group undertakings are unsecured and interest is calculated on a six monthly basis at a rate of 1.5% over LIBOR.

The company operates its bank accounts within an overall Trelleborg AB netting facility whereby the closing bank balances each day are treated as being for the benefit of Trelleborg Holdings UK Ltd, the transfer being reclassified as amounts owed to group undertakings falling due after more than one year.

15 Deferred taxation

The deferred taxation liability is made up as follows:

	£'000	
At 1 January 2005	1,933	
Credited to the profit and loss account (note 7)	(1,216)	
Deferred tax liability at 31 December 2005	717	
Analysis of deferred taxation		
	2005	2004
	£'000	£'000
Accelerated capital allowances	942	2,098
Other timing differences	(225)	(165)
Deferred tax liability	717	1,933

Trelleborg Sealing Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

16 Provisions for liabilities and charges

	Contract Warranty	Re- structuring	Total
	£'000	£'000	£'000
At 1 January 2005	299	3,632	3,931
Charged to the profit and loss account	201	613	814
Released during the year	(238)	-	(238)
Utilised during the year	(94)	(3,632)	(3,726)
At 31 December 2005	168	613	781

Warranty

Service guarantees and warranties over the company's products typically cover periods of between one and eighteen years, depending on the type of product covered. Provision is made for the likely cost of after-sales support based on the recent past experiences of individual businesses and reviewed annually.

Prior year restructuring

The provision arose in respect of the reorganisation of the company's manufacturing facilities in 2004. The provision covers redundancy costs associated with transferring manufacturing between sites in the UK and the relocation of head office; this provision was utilised in the year.

Current year restructuring

The provisions arose in respect of the reorganisation of the company's manufacturing and head office facilities. The provision covers redundancy costs associated with transferring manufacturing between sites in the UK, Europe and Mexico, and relocation of the head office facilities in the UK. The provision as at 31 December 2005 is expected to be utilised in the next 12 months.

17 Share capital

	2005	2004
	£'000	£'000
Authorised and called up: 10,050,000 ordinary shares of £1 each	10,050	10,050
Allotted, issued and fully paid: 10,050,000 ordinary shares of £1 each	10,050	10,050

Trelleborg Sealing Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

18 Revaluation reserve

	2005	2004
	£'000	£'000
At 1 January 2005	2,828	2,828
Less: Transfer to reserves (note 19)	(1,286)	-
At 31 December 2005	1,542	2,828

19 Profit and loss reserve

	£'000
At 1 January 2005, as previously reported	(10,772)
Prior year adjustment – FRS 17	-
At 1 January 2005, as restated	(10,772)
Profit for the year	241
Transfer from revaluation reserve (note 18)	1,286
At 31 December 2005	(9,245)

20 Reconciliation of movement in shareholders' fund

	2005	As restated 2004
	£'000	£'000
Shareholders' funds at 1 January 2005 as previously reported	2,106	5,081
Prior year adjustment – FRS 17	-	(4,602)
Shareholders' funds at 1 January 2005 as restated	2,106	479
Profit for the year/net change in shareholders' funds	241	1,627
Shareholders' funds at 31 December 2005	2,347	2,106

Trelleborg Sealing Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

21 Operating lease commitments

At the year end there were annual commitments as follows;

	2005		2004	
	Land & Buildings	Plant & Equipment	Land & Buildings	Plant & Equipment
	£'000	£'000	£'000	£'000
In respect of leases expiring:				
Within 1 year	-	28	56	49
Between 2 and 5 years	376	203	150	453
After 5 years	74	-	238	-
	450	231	444	502

22 Pension arrangements

At 1st April 2004, the company started to operate a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the Trelleborg Group Personal Pension and amounted to £1,917,000 (2004: £1,373,000)

Contributions amounting to £nil (2004: £159,000) were payable to the fund at the end of the year and are included in creditors.

Until 31st March 2004, the majority of the company's employees were members of the TI Group Pension Scheme. The scheme is of the defined benefit type with assets held in separate trustee administered funds. The scheme was closed to new members on 30 September 2003 and frozen for existing members at 31 March 2004. The company has no liability in respect of this scheme because the previous employer (TI Group) retained the pension liability for these employees. Trelleborg Sealing Solutions UK Limited operates a money purchase scheme for these employees.

Until 31st March 2004, the company also operated a small defined benefit scheme, Busak and Shamban UK Pension Scheme, for a number of its employees. The scheme is funded by the payment of contributions based on the advice of independent actuaries following triennial valuations using the projected unit method. The most recent valuation of the scheme was at 30 June 2002.

The pension cost for the company in respect of this scheme was £nil for the year (year ended 31 December 2004: £135,000).

Trelleborg Sealing Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

22 Pension arrangements (continued)

The main financial assumptions used in the Busak and Shamban UK defined benefit pension scheme valuation are as follows.

	31 December 2005	31 December 2004	31 December 2003
Inflation	N/a	N/a	2.8%
Rate of increase in salaries	N/a	N/a	4.3%
Rate of increase of pensions in payment and deferred pensions	N/a	N/a	2.8%
Discount rate	N/a	N/a	5.4%

The assets in the scheme and the expected rates of return were:

	Expected rate of return %	31 December 2005 £'000	Expected rate of return %	31 December 2004 £'000	Expected rate of return %	31 December 2003 £'000
Equities	N/a	-	N/a	-	8.0	4,920
Government bonds	N/a	-	N/a	-	5.0	1,244
Other	N/a	-	N/a	-	4.0	96
Fair value of scheme assets		-		-		6,260
Present value of scheme liabilities		-		-		(10,862)
Pension deficit		-		-		(4,602)
Related deferred tax asset		-		-		1,381
Net pension deficit		-		-		(3,221)

Trelleborg Sealing Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

22 Pension arrangements (continued)

Analysis of the amount charged to operating profit

	Year ended 31 December 2005	Year ended 31 December 2004
	£'000	£'000
Current service cost	-	4,611
Curtailment gain	-	(185)
Total operating credit	-	4,456

Analysis of the amount credited to other finance revenue

	Year ended 31 December 2005	Year ended 31 December 2004
	£'000	£'000
Expected return on pension scheme assets	-	113
Interest on pension scheme liabilities	-	(146)
Net return	-	(33)

History of experience gains and losses

	Year ended 31 December 2005	Year ended 31 December 2004	Year ended 31 December 2003
	£'000	£'000	£'000
Difference between the expected and actual return on scheme assets	-	-	332
Percentage of scheme assets	0%	0%	5.3%
Experience gains arising on scheme liabilities:	-	-	96
Percentage of scheme liabilities	0%	0%	0.9%
Total amount recognised in the statement of total recognised gains and losses	-	-	(35)
Percentage of scheme liabilities	0%	0%	0.3%

Trelleborg Sealing Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

22 Pension arrangements (continued)

The movement in the deficit in the year can be analysed as follows:

	2005	2004
	£'000	£'000
Deficit at 1 January	-	(4,602)
Current service cost	-	(155)
Total contributions	-	179
Other finance income	-	(33)
Curtailment gain	-	4,611
Deficit at 31 December	-	-

23 Contingent liabilities

The company had contingent liabilities, in respect of bank and other guarantees and other matters arising in the ordinary course of business, from which it is anticipated that no material liabilities will arise. The maximum amount guaranteed at 31 December 2005 was £132,000.

24 Post balance sheet event

On 18 August 2006 the Ashchurch site was sold to Easter Developments Group for consideration for £4.5 million.

25 Parent undertakings

At the year end, the company's immediate parent undertaking was Trelleborg Holdings UK Limited, a company incorporated in the UK. The ultimate parent undertaking and controlling party was Trelleborg AB a company registered in Sweden. Trelleborg AB is the smallest and largest group in which the company's results are consolidated. Copies of the consolidated accounts can be obtained from:

Trelleborg AB, Box 153, SE-231 22 Trelleborg, Sweden.