

Trelleborg Sealing Solutions UK Limited

(formerly Polymer Sealing Solutions Limited)

Annual report and financial statements

for the 5 month period ended 31 December 2003

Registered Number: 446036



Trelleborg Sealing Solutions UK Limited
(formerly Polymer Sealing Solutions Limited)

Annual report and financial statements
for the 5 month period ended 31 December 2003

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Trelleborg Sealing Solutions UK Limited (formerly Polymer Sealing Solutions Limited)

Directors' report for the 5 month period ended 31 December 2003

The directors present their annual report and the audited financial statements of the company for the 5 month period ended 31 December 2003.

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 5 month period ended December 2003 was £34.7m (year ended 31 July 2003: £91.6m) and the loss before tax was £9.2m (year ended 31 July 2003: profit before tax £8.4m). The directors do not recommend a dividend on ordinary shares (year ended 31 July 2003: £nil).

On 1st October 2003, the company was acquired by Trelleborg Holdings UK Limited, which is a wholly owned subsidiary of Trelleborg AB, a company registered in Sweden.

Following the acquisition, the company changed its name from Polymer Sealing Solutions Limited to Trelleborg Sealing Solutions UK Limited on 19th December 2003.

Future business developments

The company will 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 5 month period ended 31 December 2003 were as follows:

K M Fisher

R A Kent

G M Norris (resigned 30 September 2003)

U Graden (appointed 1 October 2003)

The beneficial interests of the directors in the shares and options of Trelleborg AB during the period are given in Note 5.

Subsequent to the period end, the following were appointed as directors of the company:

D Semple (appointed 16 January 2004)

J Woodlock (appointed 16 January 2004)

Trelleborg Sealing Solutions UK Limited
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Directors' report
for 5 month period ended 31 December 2003 (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.

Parent company and payment policy

The ultimate parent undertaking at 31 December 2003 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 34 days (31 July 2003: 36 days) to pay its trade creditors during the period.

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 5 month period ended 31 December 2003 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


David Semple
Director
25 February 2005

Independent auditors' report to the members of Trelleborg Sealing Solutions UK Limited (formerly Polymer Sealing Solutions Limited)

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

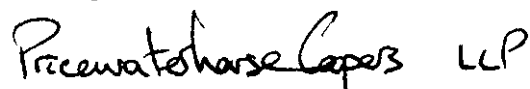
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2003 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

 LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
25 February 2005

Trelleborg Sealing Solutions UK Limited
(formerly Polymer Sealing Solutions Limited)

Profit and loss account
for the 5 month period ended 31 December 2003

	Notes	5 months ended 31 December 2003 £'000	Year ended 31 July 2003 £'000
Turnover	2	34,749	91,646
Cost of sales		(25,465)	(65,079)
Exceptional cost of sales	3	-	(951)
Total cost of sales		(25,465)	(66,030)
Gross profit		9,284	25,616
Administrative expenses		(10,450)	(17,353)
Exceptional administrative expenses	3	(7,270)	-
Total administrative expenses		(17,720)	(17,353)
Operating (loss)/profit	3	(8,436)	8,263
Profit on disposal of discontinued operations		-	101
(Loss)/profit on ordinary activities before interest and tax		(8,436)	8,364
Net interest payable and similar charges	5	(727)	-
(Loss)/profit on ordinary activities before tax		(9,163)	8,364
Tax on (loss)/profit on ordinary activities	6	(3,428)	(4,955)
(Loss)/profit for the period		(12,591)	3,409
Dividend	7	-	1,385
(Loss)/profit transferred (from)/to reserves	20	(12,591)	4,794

The notes on pages 6 to 28 are an integral part of the financial statements.

The results for the current and prior periods are derived from the continuing activities of the company.

The company had no recognised gains or losses other than the loss for the 5 month period to December 2003 (31 July 2003: £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
(formerly Polymer Sealing Solutions Limited)

Balance sheet
as at 31 December 2003

	Note	31 December 2003		31 July 2003	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible fixed assets	8		21,240		28,062
Tangible fixed assets	9		24,124		25,127
Investments	11		1,800		1,800
			47,164		54,989
Current assets					
Stocks	12	5,766		5,411	
Debtors	13	28,843		20,871	
Cash at bank and in hand		3,135		9,010	
		37,744		35,292	
Creditors: falling due within one year	14	(12,784)		(13,424)	
Net current assets			24,960		21,868
Total assets less current liabilities			72,124		76,857
Creditors: falling due after more than one year	14		(64,172)		(56,724)
Deferred taxation	16		(1,957)		(2,061)
Provisions for liabilities and charges	17		(914)		(400)
			5,081		17,672
Capital and reserves					
Share capital	18		10,050		10,050
Revaluation reserve	19		2,828		2,828
Profit and loss reserve	20		(7,797)		4,794
Equity shareholders' funds	21		5,081		17,672

The notes on pages 6 to 28 are an integral part of the financial statements.

Signed on behalf of the Board on 25 February 2005

David Semple
Director

Trelleborg Sealing Solutions UK Limited **(formerly Polymer Sealing Solutions Limited)**

Notes to the financial statements **for the 5 month period ended 31 December 2003**

1 Accounting policies

Basis of preparation

The financial statements are prepared 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 2003, 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.

Turnover

Turnover represents the amount receivable in the ordinary course of business for goods sold and services provided after deducting sales taxes.

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.

Taxation

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

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

Assets and liabilities denominated in foreign currencies are translated at closing rates of exchange or, where appropriate, at the rate in a related foreign currency futures contract. Profits and losses on the exchange of foreign currencies are included in the operating result.

Goodwill

Goodwill arising on acquisition, where 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.

Trelleborg Sealing Solutions UK Limited **(formerly Polymer Sealing Solutions Limited)**

Notes to the financial statements **for the 5 month period ended 31 December 2003 (continued)**

1 Accounting policies (continued)

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%
Plant, equipment and tooling	8-25%
Motor vehicles	25%

The value of land and buildings includes a revaluation made in 1991 to £4,629,000. 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 the assets.

Impairment

Intangible and tangible fixed assets 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 it arises.

Leasing

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

The Company is a member of a Group pension scheme that is of a defined benefit type. Retirement benefits are payable through separately funded UK pension schemes. The company has taken advantage of the transitional rules of FRS 17, Retirement Benefits. The company is unable to identify its share of the underlying assets and liabilities of the scheme. The company also operates a small defined benefit scheme, Busak and Shamban UK Pension Scheme. Contributions to pension schemes are 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.

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
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Notes to the financial statements
for the 5 month period ended 31 December 2003 (continued)

1 Accounting policies (continued)

Cashflow statement

The company has not prepared a cashflow statement as a group cashflow statement has been included in the accounts of Trelleborg AB, the ultimate parent undertaking.

2 Turnover

By territory of destination

	5 months ended 31 December 2003			Year ended 31 July 2003		
	External Sales	Intra- Group Sales	Total	External Sales	Intra- Group Sales	Total
	£'000	£'000	£'000	£'000	£'000	£'000
USA	2,438	470	2,908	3,297	1,158	4,455
Europe	5,628	5,822	11,450	15,000	15,405	30,405
Rest of world	1,565	714	2,279	3,389	2,528	5,917
Exports	9,631	7,006	16,637	21,686	19,091	40,777
United Kingdom	17,858	254	18,112	48,660	2,209	50,869
	27,489	7,260	34,749	70,346	21,300	91,646

Turnover in 5 months ended 31 December 2003 arises wholly in the UK from one class of business.

Trelleborg Sealing Solutions UK Limited
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Notes to the financial statements
for the 5 month period ended 31 December 2003 (continued)

3 Operating (loss)/profit

	5 months ended 31 December 2003	Year ended 31 July 2003
Operating (loss)/profit is stated after charging/ (crediting):	£'000	£'000
Amortisation of intangible fixed assets (Note 8)	722	1,754
Depreciation of tangible fixed assets (Note 9)		
Owned assets	1,120	2,588
Held under finance leases	-	8
Auditors' remuneration – audit services	65	68
– non audit services	-	5
Operating lease rentals:		
Plant and equipment	286	759
Land and buildings	252	419
Research and development	250	582
Management charges	(1,600)	(2,966)
Exceptional cost of sales;		
a) Restructuring - Reorganisation	-	951
Exceptional administrative costs;		
b) Restructuring - Reorganisation	(950)	-
c) Restructuring - Fixed asset impairment (Note 9)	(220)	-
d) Impairment of goodwill (Note 8)	(6,100)	-

a) Restructuring- Reorganisation - Costs relate to manufacturing reorganisation resulting from the company's decision to relocate some production within the UK and Continental Europe.

b) Restructuring – Reorganisation - Costs relate to reorganisation resulting from the company's decision to relocate some production within the UK and the relocation of the head office function.

c) Restructuring – Fixed asset impairment - Impairment of fixed assets was carried out following the company's decision to relocate some production within the UK.

d) Impairment of goodwill - Following the reorganisation of Woodville Polymer Engineering Limited, an impairment review of goodwill was carried out in January 2004. Based on this review goodwill relating to the acquisition of this business was impaired.

Trelleborg Sealing Solutions UK Limited
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Notes to the financial statements
for the 5 month period ended 31 December 2003 (continued)

4 Staff costs

a) Staff costs (including directors) comprise:

	5 months ended 31 December 2003	Year ended 31 July 2003
	£'000	£'000
Wages and salaries	12,374	29,935
Social Security costs	947	2,300
Pension costs	1,213	2,732
Redundancy	64	356
	14,598	35,323

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

	Number	Number
Manufacturing	996	1,064
Sales	148	149
Technical	62	65
Finance, administration and management	174	183
	1,380	1,461

c) Details of directors' emoluments are as follows:

	£'000	£'000
Aggregate emoluments (including benefits and annual performance related payments)	371	265

Trelleborg Sealing Solutions UK Limited
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Notes to the financial statements
for the 5 month period ended 31 December 2003 (continued)

4 Staff costs (continued)

	5 months ended 31 December 2003	Year ended 31 July 2003
	£'000	£'000
Highest paid director:		
Emoluments	197	128
Contributions to pension scheme	8	15
	205	143

At 31 December 2003, the highest paid director had accrued pension benefits of £44,864 per annum. (31 July 2003: £42,441)

In total, 4 directors served during the year and were entitled to defined benefit pension arrangements (31 July 2003: 3 directors).

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

Details of U Graden's interest in shares and share options in Trelleborg AB, the ultimate parent undertaking of Trelleborg Sealing Solutions UK Limited, are disclosed in the consolidated accounts of Trelleborg AB. Copies of these consolidated accounts may be obtained per note 25.

None of the other Directors had shares or share options in Trelleborg AB at 31 December 2003.

Trelleborg Sealing Solutions UK Limited
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Notes to the financial statements
for the 5 month period ended 31 December 2003 (continued)

5 Interest

	5 months ended 31 December 2003	Year ended 31 July 2003
	£'000	£'000
Bank interest receivable	(3)	-
Bank overdraft	111	-
Payable to group companies	619	-
Bank interest payable	730	-
	727	-

6 Tax on (loss)/profit on ordinary activities

	5 months ended 31 December 2003	Year ended 31 July 2003
	£'000	£'000
Current taxation		
Current corporation tax charge	-	2,894
Adjustment in respect of prior year	3,532	-
Total current tax charge	3,532	2,894
Deferred taxation		
Current year charge	(104)	203
Adjustment in respect of prior year	-	1,858
Tax charge	3,428	4,955

The adjustment in respect of prior year relates to corporation tax which is no longer deemed to be recoverable.

Trelleborg Sealing Solutions UK Limited
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Notes to the financial statements
for the 5 month period ended 31 December 2003 (continued)

6 Tax on (loss)/profit on ordinary activities (continued)

Factors affecting the tax charge for the year:

	5 months ended 31 December 2003	Year ended 31 July 2003
	£'000	£'000
(Loss)/profit on ordinary activities	(9,163)	8,364
Effects of:		
Profit on ordinary activities multiplied by standard rate of corporation tax in UK of 30% (31 July 2003: 30%)	(2,749)	2,509
Expenses not deductible for tax purposes (relates primarily to goodwill amortisation)	2,063	588
Accelerated capital allowances and other timing differences	(20)	(203)
Loss surrendered to Smiths Group plc for no payment	707	-
Other timing differences	(1)	-
	-	2,894

7 Dividends

	5 months ended 31 December 2003	Year ended 31 July 2003
	£'000	£'000
Final dividend £nil	-	(1,385)

The dividend proposed in the year ended 31 July 2002 was not paid as it was no longer required, this was reversed in the year ended 31 July 2003.

Trelleborg Sealing Solutions UK Limited
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Notes to the financial statements
for the 5 month period ended 31 December 2003 (continued)

8 Intangible fixed assets

	Goodwill
	£'000
Cost	
At 1 August 2003 and at 31 December 2003	34,375
Amortisation	
At 1 August 2003	(6,313)
Provided during the period	(722)
Impairment (Note 3)	(6,100)
At 31 December 2003	(13,135)
Net book value	
At 31 December 2003	21,240
At 31 July 2003	28,062

Trelleborg Sealing Solutions UK Limited
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Notes to the financial statements
for the 5 month period ended 31 December 2003 (continued)

9 Tangible fixed assets

	Freehold Land and Buildings	Leasehold Land and Buildings	Plant & Equipment	Motor Vehicles	Construction in progress	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 August 2003	8,516	1,022	33,210	37	1,811	44,596
Reclassifications	-	50	(305)	-	255	-
Additions	-	7	1,177	-	-	1,184
Transfers to group	-	-	(345)	-	-	(345)
Disposals	-	-	(209)	-	(666)	(875)
At 31 December 2003	8,516	1,079	33,528	37	1,400	44,560
Depreciation						
At 1 August 2003	(882)	(148)	(18,410)	(29)	-	(19,469)
Provided during the period	(54)	(23)	(1,041)	(2)	-	(1,120)
Transfers to group	-	-	196	-	-	196
Disposals	-	-	177	-	-	177
Impairment	-	-	(220)	-	-	(220)
At 31 December 2003	(936)	(171)	(19,298)	(31)	-	(20,436)
Net book value						
At 31 December 2003	7,580	908	14,230	6	1,400	24,124
At 31 July 2003	7,634	874	14,800	8	1,811	25,127

(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 £4,629,000.

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
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Notes to the financial statements
for the 5 month period ended 31 December 2003 (continued)

9 Tangible fixed assets (continued)

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

	31 December 2003	31 July 2003
	£'000	£'000
Cost	2,650	2,650
Depreciation	(1,096)	(1,078)
	1,554	1,572

(c) Included in land and buildings is freehold land of £3,801,000 (31 July 2003: £3,801,000) which is not depreciated.

(d) Assets held under finance leases and capitalised in plant and equipment is nil. (31 July 2003: £1,000)

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

	31 December 2003	31 July 2003
	£'000	£'000
Freehold	7,580	7,634
Long leaseholds	750	708
Short leaseholds	158	166
Net book value	8,488	8,508

Trelleborg Sealing Solutions UK Limited
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Notes to the financial statements
for the 5 month period ended 31 December 2003 (continued)

10 Commitments for future capital expenditure

	31 December 2003	31 July 2003
	£'000	£'000
Contracted	367	503

11 Investments

	Investments £'000
Cost/valuation and net book value	
At 1 August 2003 and 31 December 2003	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	Active	100%	Nil

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

Trelleborg Sealing Solutions UK Limited
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Notes to the financial statements
for the 5 month period ended 31 December 2003 (continued)

12 Stocks

	31 December 2003	31 July 2003
	£'000	£'000
Raw materials and consumables	2,266	2,506
Work in progress	1,502	1,081
Finished goods	1,998	1,824
	5,766	5,411

13 Debtors

	31 December 2003	31 July 2003
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	13,357	13,972
Amounts owed by group undertakings	14,553	5,839
Other debtors	-	31
Prepayments and accrued income	933	494
Corporation tax	-	535
	28,843	20,871

Trelleborg Sealing Solutions UK Limited
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Notes to the financial statements
for the 5 month period ended 31 December 2003 (continued)

14 Creditors

	31 December 2003	31 July 2003
	£'000	£'000
Falling due within one year:		
Trade creditors	5,748	6,399
Amounts owed to group undertakings	1,772	2,165
Other tax and social security	977	1,245
Accruals & deferred income	4,287	3,614
Amounts owed under finance leases	-	1
	12,784	13,424
Falling due after one year:		
Amounts owed to group undertakings	64,172	56,724

15 Related party transactions

Included within these financial statements are transactions with the Smiths Group plc, a related party. These transactions and amounts outstanding at the period end are as follows:

	5 months ended 31 December 2003
	£'000
Sales	1,559
Administration expenses	(491)
Balances at the year end	
Accounts receivable	787
Accounts payable	(150)

Trelleborg Sealing Solutions UK Limited
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Notes to the financial statements for the 5 month period ended 31 December 2003 (continued)

16 Deferred taxation

The deferred taxation liability is made up as follows:

	At 31 December 2003	
	£'000	
At 1 August 2003	2,061	
Charged to the profit and loss account (note 6)	(104)	
Deferred tax liability at 31 December 2003	1,957	
Analysis of deferred taxation		
	At 31 December 2003	At 31 July 2003
	£'000	£'000
Accelerated capital allowances	1,957	2,102
Short term timing differences	-	(41)
Deferred tax liability	1,957	2,061

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Notes to the financial statements for the 5 month period ended 31 December 2003 (continued)

17 Provisions for liabilities and charges

	Product Liability	Contract Warranty	Re-structuring	Total
	£'000	£'000	£'000	£'000
At 1 August 2003	30	257	113	400
Charge for period	-	44	903	947
Utilised during the period	(30)	(32)	(371)	(433)
At 31 December 2003	-	269	645	914

Warranty

Warranty provisions relate to future product warranty costs arising in the normal course of business from prior period sales.

Restructuring

The provision arose in respect of the reorganisation of the company's manufacturing facilities. The provision covers redundancy costs associated with transferring manufacturing between sites in the UK and the relocation of head office; the provision is expected to be utilised in the next 12 months.

18 Share capital

	31 December 2003	31 July 2003
	£'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

19 Revaluation reserve

	31 December 2003	31 July 2003
	£'000	£'000
At 1 August 2003 and 31 December 2003	2,828	2,828

Trelleborg Sealing Solutions UK Limited
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Notes to the financial statements
for the 5 month period ended 31 December 2003 (continued)

20 Profit and loss reserve

	31 December 2003
	£'000
At 1 August 2003	4,794
Loss transferred from reserves	(12,591)
At 31 December 2003	(7,797)

21 Reconciliation of movement in shareholders' fund

	31 December 2003	31 July 2003
	£'000	£'000
(Loss)/profit on ordinary activities after taxation	(12,591)	3,409
Dividends	-	1,385
Net change in shareholders' funds	(12,591)	4,794
At beginning of the period	17,672	12,878
At the end of the period	5,081	17,672

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Notes to the financial statements for the 5 month period ended 31 December 2003 (continued)

22 Operating lease commitments

At the year end there were annual commitments as follows;

	31 December 2003		31 July 2003	
	Land & Buildings	Plant & Equipment	Land & Buildings	Plant & Equipment
	£'000	£'000	£'000	£'000
In respect of leases expiring:				
Within 1 year	125	125	-	66
Between 2 and 5 years	440	389	-	413
After 5 years	13	8	452	36
	578	522	452	515

Trelleborg Sealing Solutions UK Limited
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Notes to the financial statements
for the 5 month period ended 31 December 2003 (continued)

23 Pension arrangements

The majority of the company's employees are 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 valued by independent actuaries as at 31 March 2003. The scheme was closed to new members on 30 September 2003 and frozen for existing members at 31 March 2004. Full details of the Scheme are included in the financial statements of, Smiths Group plc, the parent undertaking until 1st October 2003. The company has taken advantage of the transitional rules of FRS 17, Retirement Benefits. The company is unable to identify its share of the underlying assets and liabilities of the scheme. Full details of the Scheme are included in the financial statements of the parent undertaking, Smiths Group plc.

The company also operates 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 £221,791 for the 5 month period (Year ended 31 July 2003: £517,000). Employer contributions have been agreed at 10.8%.

The main financial assumptions used in the Busak and Shamban UK Pension scheme valuation are as follows:-

	31 December 2003	31 July 2003	31 July 2002
Inflation	2.8%	2.7%	2.4%
Rate of increase in salaries	4.3%	4.2%	3.9%
Rate of increase of pensions in payment and deferred pensions	2.8%	2.8%	2.5%
Discount rate	5.4%	5.5%	6.0%

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Notes to the financial statements
for the 5 month period ended 31 December 2003 (continued)

23 Pension arrangements (continued)

The following amounts would be included in the accounts were the company to fully adopt the provisions of FRS 17 as follows:-

	5 months ended 31 December 2003 £'000	Year ended 31 July 2003 £'000
Profit and loss account		
Amounts charged to operating profit		
Current service cost	245	495
Total operating charge	245	495
Amounts charged/(credited) to other finance charges		
Expected return on pension scheme assets	173	400
Interest on pension liabilities	(233)	(510)
Net return	(60)	(110)
Total charged to the profit and loss account	185	385

Amounts recognised in Statement of Total Recognised Gains and Losses (STRGL)	5 months ended 31 December 2003 £'000	Percentage of scheme assets	Year ended 31 July 2003 £'000	Percentage of scheme assets
Difference between the expected and actual return on scheme assets	332	5.3%	(425)	8.0%
		Percentage of scheme liabilities		Percentage of scheme liabilities
Experience gains arising on scheme liabilities	96	0.9%	287	4.0%
Changes in assumptions underlying the present value of the scheme liabilities	(463)		(1,540)	
Actuarial loss recognised in the STRGL	(35)	0.3%	(1,678)	15.0%

Trelleborg Sealing Solutions UK Limited
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Notes to the financial statements
for the 5 month period ended 31 December 2003 (continued)

23 Pension arrangements (continued)

	Expected rate of return	31 December 2003	Expected rate of return	31 July 2003
	%	£'000	%	£'000
Equities	8.0	4,920	8.25	4,394
Government bonds	5.0	1,244	4.8	1,028
Other	4.0	96	3.5	-
Fair value of scheme assets		6,260		5,422
Present value of scheme liabilities		(10,862)		(10,025)
Pension deficit		(4,602)		(4,603)
Related deferred tax asset		1,381		1,381
Net pension deficit		(3,221)		(3,222)

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Notes to the financial statements
for the 5 month period ended 31 December 2003 (continued)

23 Pension arrangements (continued)

If the above pension deficit had been recognised in the consolidated financial statements, the group's net assets and profit and loss reserve would be as follows:

	31 December 2003	31 July 2003
	£'000	£'000
Net assets		
Net assets as per balance sheet	5,081	17,672
Net pension deficit – FRS 17 basis	(3,221)	(3,222)
Net assets including net pension deficit	1,860	14,450
Profit and loss reserve		
Profit and loss reserve as per balance sheet	(7,797)	4,794
Net pension deficit – FRS 17 basis	(3,221)	(3,222)
Profit and loss reserve including net pension deficit	(11,018)	1,572

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

	31 December 2003
	£'000
Deficit at beginning of the period	(4,603)
Current service cost	(245)
Total contributions	341
Other finance income	(60)
Actuarial loss recognised in the STRGL	(35)
Deficit at end of the period	(4,602)

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**Notes to the financial statements for the 5 month period ended 31
December 2003 (continued)**

24 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.

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.

The company was acquired by Trelleborg AB on 1st October 2003.