Registered Number: 530187

DIVERSEY EQUIPMENT LIMITED
(Formerly JohnsonDiversey Equipment Limited)

REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2010

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Diversey Equipment Limited (Formerly JohnsonDiversey Equipment Limited)

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Directors' report
The directors present their report and financial statements for the year ended 31 December 2010

Directors and their interests
The directors of the company during the year and at the date of approval of the financial statements were as follows.-

Mr V Sullivan
Mr D C Quast
Mr R D Carter
Mrs M Hanly
Mr S E Else
Mr R B Godfrey
B Hague

Results and dividends
The profit for the year, after taxation, amounted to £2,143,000 (2009: £457,000) During the year no dividend was paid The directors do not recommend the payment of a final dividend

Principal Activities
The company's principal activities continue to be the manufacture and sale of chemical dispensing and control equipment mainly to the operating companies of Diversey Group (formerly JohnsonDiversey Group)
The company's key financial and other performance indicators for the year were as follows

	£'000 2010	£'000 2009	Change %
Company Turnover	16,993	15,414	10%
Total operating profit	2,754	512	
Operating margin	16%	3%	
Profit after tax	2,143	457	369%
Current assets as % current liabilities	449%	311%	
Average number of employees	62	68	

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Turnover has again increased during the year as a result of three factors. A price increase of 5.2% was applied to all prices with effect from the beginning of the year Our significant third party customer has increased volume by £310k (28%) in the year as a result of increased business activity in the large laundry sector and our associated operating companies have again experienced increased volumes in dispensers We have seen some pressures on margin as a result of oil based raw material prices however this has been compensated for with the reduced operating cost base as a result of the outsourcing of product manufacturing and gaining reductions in finished product prices from those manufacturers Administration costs have reduced significantly as a result of the foreign exchange market stability and the hedging programme matching the companies requirements. As a consequence overall profitability is significantly up on the prior year
Current assets as a % of current liabilities has increased significantly as increased focus has been placed on reducing working capital and converting profitability into cash and is in line with current expectations

The directors consider that given the conditions prevailing during the year, the development of the company's business and its financial position at the end of the year were satisfactory.

Principal risks and uncertainties

Competitive risks
Risk arises due to our dependency on the regional Diversey Group operating companies continued support as our supply partners.

Legislative risks
Our manufacturing facility continues to maintain compliance with all current EU and UK standards although these are subject to change Whilst compliance to legislative standards remains critical to the company's success, there is a cost consequence for compliance.

Use of derivatives
The company adheres to the corporate American holding company's policies in relation to foreign exchange exposure and risk.
The company has transactional currency exposures arising from sales and purchases in foreign currencies. We use currency netting and forward foreign exchange contracts to reduce the exposure of our cash flows to fluctuations in foreign currency rates

Exposure to credit, liquidity and cash flow risk
Within the company, debtor management is carefully targeted to ensure adequate provisions are in place for any doubtful debtors and that credit-worthiness of potential customers is always assessed before agreeing any form of credit terms. The company aims to mitigate liquidity risk by targeting cash generation (debtors, stock and creditors management) in all its operations In addition, the corporate group manages liquidity risk via revolving credit facilities and long term debt.

Future developments
The directors do not expect any development in the company's business in 2011 significantly different from its present activities

Research and development
The company's research and development laboratories continue to investigate new dosing and control methods to improve the quality and performance of the existing equipment range and to provide opportunities for the introduction of new products

Going Concern
The company's principal activities, together with the factors likely to affect its future development and details of its principal risks and uncertainties are described above. Although 2010 was a challenging year for the business as it embarked on its outsourcing of manufacturing to third party vendors this will enable a further reduction in its cost base during 2011 Exchange fluctuations having remained relatively constant in 2010 have continued to have a reduced impact on the ongoing business and as a consequence the results for the first eleven months of 2011 have seen increased volumes and profitability compared to those experienced in 2010
During the early part of 2011 discussions between Diversey Inc and Sealed Air Corporation took place with a view to a mutually beneficial partnership The culmination of those discussions was the acquisition of the Diversey Inc business and all of its subsidiaries by Sealed Air Corporation with effect from 1 st October 2011. As a consequence of this transfer of ownership a number of immediate changes have been made to the business specifically around cash management These changes have eliminated the contingent liability surrounding the group banking arrangement and associated guarantees which now no longer exist. At the same time the participation of the company within the Diversey European Euro pooling arrangement has been replaced with its participation in the Sealed Air Multi Currency Notional Pooling Arrangement eliminating any risk associated with changes in exchange rates between GBP and the Euro.
As part of the continued Diversey strategy to simplify its business and as a result reduce administrative costs a project to implement a European Principal Company (EPC) was started in early 2011. This project culminates with the implementation of the EPC model across Europe on 3 rd May 2012 At implementation Diversey Equipment will become the UK service company for the total UK business At that time the recharge of local service costs covering extended logistic (kitting and assembly activities) together with service company duties will be the main revenue drivers of the Business. At the same time responsibility for all Inventories will be moved to the EPC It is anticipated that overall revenue and margins will reduce but offset by the reduction in liabilities for inventory.
Now that the company is part of a much larger group than before, which has at its disposal funds based on its enhanced credit rating to enable business expansion and is able to count on the continued support of newly formed company the Directors continue to adopt the going concern basis for preparation of the annual report and accounts.

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Disclosure of Information to the Auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor each director has taken all steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

By Order of the Board

Mr V Sullivan
Director
19 December 2011

Diversey Equipment Limited (Formerly JohnsonDiversey Equipment Limited)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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) Under Company law the directors must not approve the financial statements unless they are satisfied that they 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006 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

Diversey Equipment Limited (Formerly JohnsonDiversey Equipment Limited)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIVERSEY EQUIPMENT LIMITED

We have audited the financial statements of Diversey Equipment Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 20 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Director's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIVERSEY EQUIPMENT LIMITED

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Susan Broughton (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham

Date 20th December 2011

Diversey Equipment Limited (Formerly JohnsonDiversey Equipment Limited)

Profit and loss account for the year ended 31 December 2010

	Notes	2010 £000	2009 £000
Turnover	(2)	**16,993**	15,414
Cost of sales		**(13,145)**	(12,670)
Gross profit		**3,848**	2,744
Distribution costs		**(601)**	(411)
Administrative expenses		**(493)**	(1,821)
Operating profit	(3)	**2,754**	512
Interest receivable	(4)	**228**	127
Profit on ordinary activities before taxation		**2,982**	639
Taxation on profit on ordinary activities	(5)	**(839)**	(182)
Profit retained for the financial year	(14)	**2,143**	457

There are no recognised gains or losses other than the profit attributable to the members of the company of £2,143,000 in the year ended 31 December 2010 and the profit of £457,000 in the year ended 31 December 2009

There were no acquisitions or discontinued operations within the company in both the current and preceding year.

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Balance sheet at 31 December 2010

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	Notes	2010 £000	2009 £000
Fixed assets			
Tangible assets	(8)	**1,098**	1,417
Current assets			
Stocks	(9)	**3,679**	2,619
Debtors	(10)	**8,948**	8,235
Cash at bank and in hand		**35**	52
		12,662	10,906
Creditors: amounts falling due within one year	(11)	**(2,818)**	(3,506)
Net current assets		**9,844**	7,400
Total assets less current liabilities		**10,942**	8,817
Provision for liabilities and charges	(12)	**(69)**	(87)
Net assets		**10,873**	8,730
Capital and reserves			
Called up share capital	(13)	**14**	14
Profit and loss account	(14)	**10,859**	8,716
Equity shareholders' funds	(14)	**10,873**	8,730

The financial statements were approved by the Board on 19 December 2011 and were signed on its behalf by.

Mr V Sullivan
Director

Diversey Equipment Limited (Formerly JohnsonDiversey Equipment Limited)

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Notes to the financial statements at 31 December 2010

(1) Accounting Policies

Basis of preparation:

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards in the United Kingdom.

The company is exempt under the terms of Financial Reporting Standard No 1 (revised 1996) from publishing a cash flow statement

Fixed assets and depreciation
The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected economic lives of the assets concerned. The principal periods used for this purpose are:

Leasehold improvements	Remaining life of the lease
Plant and machinery	4-14 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Deferred taxation:

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is 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 measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Diversey Equipment Limited (Formerly JohnsonDiversey Equipment Limited)

Stocks:
Stocks are stated at the lower of cost and net realisable value. Cost is determined on an average basis and includes direct expenditure and an appropriate proportion of overheads
Net realisable value is based on estimated selling price less any further costs expected to be incurred in completion or disposal

Leases
Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term

Research and development
Expenditure on research and development of new products is charged against profits of the year in which it is incurred.

Foreign currencies
Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling on the date of the transaction or at covered rates where appropriate

Monetary assets and liabilities denominated in foreign currencies have been translated into sterling at the rates of exchange current at the year-end.

All differences are taken to the profit and loss account

Derivative Instruments : The company uses forward foreign currency contracts to reduce exposure to foreign exchange rates. Gains and losses, where the instrument is used to hedge a committed future transaction, are not recognised until the transaction occurs

Pensions:
In the UK during the period from 1 January 2003 to 2 May 2003, the company contributed to the Unilever Pension Fund in respect of certain eligible ex DiverseyLever employees From 3 May 2003, benefits for these employees are provided under the JohnsonDiversey UK Pension Scheme

The pension cost figures shown in these accounts have been prepared in accordance with the current accounting standard FRS 17 'Accounting for retirement benefits'.

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Diversey Limited Pension Scheme
The company is a member of a group defined benefit and defined contribution pension scheme, which are funded by company and employee contributions The assets of the scheme are held separately from those of the company in separate trustee administered funds Company contributions are determined on an actuarial basis. The level of contributions is assessed on the advice of independent professionally qualified actuaries.

The employer is unable to identify the company's share of the underlying assets and liabilities of the scheme and accordingly the company have accounted for the scheme as if it were a defined contribution scheme as permitted by FRS17 'Accounting for retirement benefits' At 31 December 2010 the deficit in the UK pension schemes to which the company contributes was £774,000 (2009· £8,029,000)

The pension charge for the year ended 31 December 2010 was £316,150 (2009: £354,828)

(2) **Turnover**

Turnover, which is stated net of value added tax, is attributable to one continuing activity and includes inter-group sales of £15,487,869 (2009 £14,293,957)

An analysis of turnover by geographical market is given below: -

	2010	2009
	£000	£000
United Kingdom	**3,629**	3,669
Rest of Europe	**10,497**	9,362
Asia Pacific	**26**	15
North America	**1,395**	1,319
Africa and Middle East	**1,446**	1,049
	16,993	15,414

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(3) Profit on ordinary activities before taxation

This is stated after charging/(crediting): -

	2010	2009
	£000	£000
Depreciation of owned tangible fixed assets	**305**	312
Operating lease rentals.		
- land and buildings	**156**	139
- plant and machinery	**1**	1
- other	**19**	30
Auditors' remuneration	**34**	32
Research and development	**1,347**	1,256
Exchange (gains) and Losses	**(372)**	1,017

(4) Interest receivable

	2010	2009
	£000	£000
Bank interest	**30**	-
Interest from group undertakings	**198**	127
	228	127

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(5) **Tax**

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2010	2009
	£000	£000
Current tax		
UK corporation tax – current year	**873**	185
UK corporation tax – prior year	**(16)**	(4)
	857	181
Deferred tax (note 12)		
Current Year	**(30)**	(10)
Prior Year	**12**	11
	839	182

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2009: 28%). The difference is reconciled below:

	2010	2009
	£000	£000
Profit on ordinary activities before tax	**2,982**	639
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009· 28%)	**835**	178
Tax depreciation in excess of accounting depreciation	**28**	13
Additional R&D Tax Relief	**(2)**	(17)
Non Taxable Income	**13**	14
Other timing differences	**-**	(3)
Adjustments in respect of prior years	**(17)**	(4)
Total current tax	**857**	181

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(6) Directors' emoluments

	2010	2009
	£000	£000
Aggregate emoluments	**308**	324
Value of company pension contributions to money purchase schemes:	33	36

The amounts in respect of the highest paid director are as follows

Aggregate emoluments	90	75
Value of company pension contributions to money purchase Schemes	10	11

The number of directors who had retirement benefits accruing under money pension schemes was 4 (2009 4)

(7) Employee information

The average number of persons employed by the company (including executive directors) during the year is analysed below

	2010	2009
	No	No
Production	**36**	38
Selling and distribution	**7**	7
Research and development	**13**	13
Administration	**6**	10
	62	68

	2010	2009
	£000	£000
Staff Costs		
Wages and salaries	**1,772**	1,835
Social security costs	**187**	153
Other pension costs	**316**	355
	2,275	2,343

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(8) Tangible fixed assets

	Leasehold Improvements £000	Plant and Machinery £000	Assets in Course of Construction £000	Total £000
Cost				
At 1 January 2010	519	3,395	63	3,977
Additions	-	-	-	-
Disposals	-	(17)	-	(17)
Transfers from assets in the course of construction	-	63	(63)	-
At 31 December 2010	**519**	**3,441**	**-**	**3,960**
Depreciation				
1 January 2010	327	2,233	-	2,560
Disposals	-	(3)	-	(3)
Depreciation charge for the year	45	260	-	305
At 31 December 2010	**372**	**2,490**	**-**	**2,862**
Net book amount				
At 31 December 2010	**147**	**951**	**-**	**1,098**
At 1 January 2010	192	1,162	63	1,417

(9) Stocks

	2010 £000	2009 £000
Raw materials and consumables	**1,772**	1,261
Finished goods and other stocks	**1,907**	1,358
	3,679	2,619

The difference between purchase price or production cost of stocks and their replacement cost is not material.

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(10) Debtors

	2010 £000	2009 £000
Trade debtors	**545**	170
Amounts owed by group undertakings		
- Trading	**1,565**	1,489
- Short term loan	**6,629**	6,032
Other debtors	**121**	40
Corporation tax recoverable	**-**	432
Prepayments and accrued income	**88**	72
	8,948	8,235

(11) Creditors: amounts falling due within one year

	2010 £000	2009 £000
Trade creditors	**1,272**	1,334
Amounts owed to group undertakings	**422**	1,401
Corporation tax	**582**	185
Other taxes and social security costs	**66**	67
Accruals and deferred income	**476**	519
	2,818	3,506

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(12) Provision for liabilities and charges

	Deferred tax provision 2010 £000	**Deferred tax provision 2009 £000**
At 1 January	87	86
(Credited)/Charged to the profit and loss account	(18)	1
At 31 December 2010	**69**	87

The provision for deferred tax represents the full potential liability and comprises -

	2010 £000	2009 £000
Accelerated capital allowances	**76**	95
Short term timing differences	**(7)**	(8)
Deferred tax provision	**69**	87

(13) Share capital

	2010 £000	2009 £000
Authorised		
15,000 ordinary shares of £1 each	**15**	15
Allotted, called up and fully paid		
14,340 ordinary shares of £1 each	**14**	14

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(14) Reconciliation of shareholders' funds and movement on reserves

	Share Capital £000	Profit & Loss Account £000	Total £000
At 1 January 2010	14	8,716	8,730
Profit for the year	-	2,143	2,143
At 31 December 2010	14	10,859	10,873

(15) Contingent liabilities

The company participates with other Diversey Group (formerly JohnsonDiversey Group) subsidiaries in a group banking arrangement under which each group company guarantees and is jointly and severally liable for the borrowings of the other participants This is not expected to give rise to any material loss

(16) Other financial commitments

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as follows -

	Land & Buildings		Other	
	2010 £000	2009 £000	2010 £000	2009 £000
Operating leases which expire				
Within one year	60	-	4	4
In two to five years	63	-	14	14
In over five years	-	94	-	-
	123	94	18	18

(17) Related parties

The company has not disclosed transactions with fellow subsidiaries in accordance with the exemption under the terms of Financial Reporting Standard No 8

(18) Derivatives

The company purchases forward foreign currency contracts to hedge currency exposure on firm future commitments The fair values of the derivatives held at the balance sheet date, determined by reference to their market values, are as follows:

	2010 £000	2009 £000
Forward foreign currency contracts (liability)/asset	(63)	143

(19) Pension commitments

The pension cost figures shown in these accounts have been prepared in accordance with the current accounting standard FRS 17 'Accounting for retirement benefits'. The company participates in a defined benefit and defined contribution pension scheme The pension costs relating to the defined benefit scheme are assessed in accordance with the advice of a qualified actuary.

In the UK, during the period from 1 January 2003 to 2 May 2003, the company contributed to the Unilever Pension Fund ('the UPF') in respect of certain eligible ex DiverseyLever employees From 3 May 2003, benefits for these employees are provided under the JohnsonDiversey UK Pension Scheme ('the JDPS') A transfer value was paid from the UPF to the JDPS, and the shortfall, as at 3 May 2002, in this transfer value to the corresponding liabilities was provided at that date in the accounts of the parent company Diversey UK Holdings Limited (formerly JohnsonDiversey UK Holdings Limited). The company provides benefits to certain employees via the unfunded JohnsonDiversey Senior Employee Retirement Arrangement (SERA), these benefits having been provided by the Unilever SERA up until 2 May 2003

FRS 17 Retirement benefits

The employer is unable to identify the company's share of the underlying assets and liabilities of the scheme and accordingly the company have accounted for the scheme as if it were a defined contribution scheme as permitted by FRS17 'Accounting for retirement benefits'
The total pension cost for the company for the year ended 31 December 2010 was £316,150 (2009 £354,828)

At 31 December 2010 the deficit in the UK pension schemes to which the company contributes was £774,000 (2009: £8,029,000).

The results of the most recent valuation of the UK pension schemes, and the related FRS17 disclosures, can be found in the accounts of Diversey Limited for the year ended 31 December 2010.

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(20) **Parent undertaking and controlling party**

The company's ımmedıate parent undertakıng ıs Dıversey Lımıted

The smallest and largest group ın whıch the results of the company are consolıdated is that headed by Diversey Inc whose principal place of business ıs Racine, Wısconsın, USA The consolıdated accounts of this company are avaılable from 8310 16th Street, Sturtevant, WI 53177-0902, USA.

In the directors' opınıon, the company's ultimate parent undertaking and controlling party is Sealed Air Corporatıon ıncorporated ın the United States of Amerıca