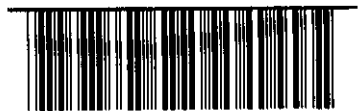


**FAIVELEY TRANSPORT
(BIRKENHEAD) LIMITED
(formerly Sab Wabco Limited)**

Report and Financial Statements

31 March 2005



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COMPANIES HOUSE 31/03/2006

FAIVELEY TRANSPORT (BIRKENHEAD) LIMITED
(formerly Sab Wabco Limited)

REPORT AND FINANCIAL STATEMENTS 2005

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FAIVELEY TRANSPORT (BIRKENHEAD) LIMITED
(formerly Sab Wabco Limited)

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

U Giesen	German	(appointed 16 November 2004)
E Haumont	French	(appointed 16 November 2004)
R Joyeux	French	(appointed 16 November 2004)
R Lundahl	Swedish	(resigned 26 May 2005)
P Sainfort	French	(appointed 16 November 2004)
N Wilkinson	British	

SECRETARY

D Hinchliffe	(resigned 31 August 2005)
C Jones	(appointed 1 September 2005)

REGISTERED OFFICE

Morpeth Wharf
Twelve Quays
Birkenhead
Wirral
CH41 1LW

BANKERS

SEB Merchant Banking
2 Cannon Street
London
EC4M 6XX

SOLICITORS

Mannheimer Swartling
P.O. Box 4291
20314 Malmo
Sweden

AUDITORS

Deloitte & Touche LLP
Liverpool

FAIVELEY TRANSPORT (BIRKENHEAD) LIMITED
(formerly Sab Wabco Limited)

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 15 months ended 31 March 2005.

PRINCIPAL ACTIVITIES AND FUTURE PROSPECTS

The company's principal activity during the period was the distribution and sale of braking equipment for railway vehicles. During the period the business has implemented programmes to strengthen the provision of Customer Services. This has facilitated a restructuring programme in 2005 which will enable the business to more effectively meet its customers expectations.

CHANGE OF NAME AND ACCOUNTING REFERENCE DATE

Following a change of ownership of the group the company changed its name from Sab Wabco Limited to Faiveley Transport (Birkenhead) Limited on 24 December 2004. The company also changed its accounting reference date from 31 December to 31 March.

RESULTS AND DIVIDENDS

Profit before tax for the period was £4,131,000 (2003: £1,387,000). No dividend has been paid or proposed (2003: same). The retained profit of £4,131,000 has been transferred to reserves (2003: £1,387,000).

DIRECTORS AND THEIR INTERESTS

The directors who served during the period and thereafter were:

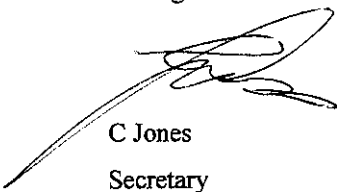
U Giesen	(appointed 16 November 2004)
E Haumont	(appointed 16 November 2004)
I Jensen	(resigned 16 November 2004)
R Joyeux	(appointed 16 November 2004)
R Lundahl	(resigned 26 May 2005)
P Sainfort	(appointed 16 November 2004)
M Svensson	(resigned 14 December 2004)
N Wilkinson	

None of the directors had any interest in shares or debentures of the group companies at the end of the financial period according to the register of directors' interests which is maintained in accordance with Schedule 7 of the Companies Act 1985.

AUDITORS

We anticipate that BDO Stoy Hayward will be appointed as the company's auditors during 2006.

Approved by the Board of Directors
and signed on behalf of the Board



C Jones
Secretary

FAIVELEY TRANSPORT (BIRKENHEAD) LIMITED
(formerly Sab Wabco Limited)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period 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 accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which 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 1985. They are also responsible for the system of internal controls, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FAIVELEY TRANSPORT (BIRKENHEAD) LIMITED
(formerly Sab Wabco Limited)**

We have audited the financial statements of Faiveley Transport (Birkenhead) Limited (formerly Sab Wabco Limited) for the 15 months ended 31 March 2005 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 with the company is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 as at 31 March 2005 and of its profit for the 15 months then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

30 March 2006

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Liverpool

FAIVELEY TRANSPORT (BIRKENHEAD) LIMITED
(formerly Sab Wabco Limited)

PROFITS AND LOSS ACCOUNT
Period ended 31 March 2005

		15 months ended 31 March 2005 £'000	Year ended 31 December 2003 £'000
	Note		
TURNOVER	1	34,576	25,639
Cost of sales		(33,565)	(22,393)
GROSS PROFIT		1,011	3,246
Distribution costs		(436)	(358)
Administrative expenses		(3,512)	(2,679)
Other operating income	2	7,023	903
OPERATING PROFIT	3	4,086	1,112
Profit on sale of fixed assets		-	308
Interest payable and similar charges	5	(202)	(93)
Interest receivable and similar income	6	247	60
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,131	1,387
Tax on profit on ordinary activities	7	-	-
RETAINED PROFIT FOR THE PERIOD	16	4,131	1,387

All turnover and operating profit in the current period and preceding year are derived from continuing operations. The company has no recognised gains or losses in the current period and preceding year other than the profit for that period, accordingly no separate statement of total recognised gains and losses is presented.

FAIVELEY TRANSPORT (BIRKENHEAD) LIMITED
(formerly Sab Wabco Limited)

BALANCE SHEET
31 March 2005

	Note	2005 £'000	2003 £'000
FIXED ASSETS			
Investments	8	5,800	-
Tangible assets	9	1,522	569
		<u>7,322</u>	<u>569</u>
CURRENT ASSETS			
Stocks	10	2,256	5,150
Debtors	11	5,469	5,706
Cash at bank and in hand		1,851	2,418
		<u>9,576</u>	<u>13,274</u>
CREDITORS: amounts falling due within one year	12	<u>(13,302)</u>	<u>(13,856)</u>
NET CURRENT LIABILITIES		<u>(3,728)</u>	<u>(582)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,596	(13)
CREDITORS: amounts falling due after one year	13	(1)	(8)
PROVISIONS FOR LIABILITIES AND CHARGES	14	<u>(273)</u>	<u>(788)</u>
NET ASSETS/(LIABILITIES)		<u>3,322</u>	<u>(809)</u>
CAPITAL AND RESERVES			
Called up share capital	16	1	1
Profit and loss account	17	3,321	(810)
TOTAL EQUITY SHAREHOLDER'S FUNDS/(DEFICIT)	18	<u>3,322</u>	<u>(809)</u>

These financial statements were approved by the Board of Directors on 30 March 2006

Signed on behalf of the Board of Directors


Director

FAIVELEY TRANSPORT (BIRKENHEAD) LIMITED
(formerly Sab Wabco Limited)

NOTES TO THE ACCOUNTS
Period ended 31 March 2005

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable UK accounting standards. The particular accounting policies adopted are described below.

Basis of preparation

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

Consolidation

The company has taken advantage of the exemption conferred by section 228 of the Companies Act 1985 not to produce consolidated financial statements as it is a wholly owned subsidiary of Faiveley SA which prepared consolidated accounts that are publicly available.

Cash flow statement

Under Financial Reporting Standard No.1, the company is exempt from the requirement to produce a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements, which include a consolidated cashflow statement.

Related party transactions

As permitted by Financial Reporting Standard No 8, the company has not disclosed transactions with other group undertakings, because it is a wholly owned subsidiary of Faiveley SA, incorporated in France, which has produced consolidated financial statements for the group.

Turnover

Turnover represents the invoiced amount of goods provided, net of value added tax, during the period. Turnover is attributable to the activities outlined in the directors' report, and arises entirely in the United Kingdom.

Investments

Fixed asset investments are stated at cost less provision for impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold land	Nil
Freehold buildings	2% or 5%
Plant and equipment	5%, 6.6%, 10% 16.6% or 20% (according to type and use)

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

Stocks

Stocks are valued at the lower of cost and estimated net realisable value. Cost includes production overheads and is determined on the first in, first out basis and net realisable value is arrived at after deduction of appropriate selling expenses.

The classification of stocks in the balance sheet includes items purchased from group undertakings in the appropriate categories.

Leases

Assets obtained under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. Finance charges are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term.

FAIVELEY TRANSPORT (BIRKENHEAD) LIMITED
(formerly Sab Wabco Limited)

NOTES TO THE ACCOUNTS
Period ended 31 March 2005

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and law that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

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

Foreign currency amounts

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or, if appropriate, at the forward contract rate. All differences are taken to the profit and loss account.

Pensions

The company operates three defined benefit pension schemes. The amount charged to the profit and loss account in respect of pension costs is the estimated regular cost of providing the benefits accrued in the period, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future payroll. Variations from regular cost are charged or credited to the profit and loss account as a constant percentage of payroll over the estimated average remaining working life of scheme members. Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company in separate trustee administered funds. Differences between amounts charged to the profit and loss account and amounts funded are shown as either provisions or prepayments in the balance sheet.

2. OTHER OPERATING INCOME

	15 months ended 31 March 2005 £'000	Year ended 31 December 2003 £'000
Royalties	1,154	883
Commissions	86	20
Sale of intellectual property	5,783	-
	<u>7,023</u>	<u>903</u>

The £5,783,000 is a one off transaction to a fellow subsidiary, Faiveley Transport Remscheid GmbH, and represents the sale of intellectual property rights related to the manufacture of disc brakes.

FAIVELEY TRANSPORT (BIRKENHEAD) LIMITED
(formerly Sab Wabco Limited)

NOTES TO THE ACCOUNTS
Period ended 31 March 2005

3. OPERATING PROFIT

	15 months ended 31 March 2005 £'000	Year ended 31 December 2003 £'000
Operating profit is stated after charging:		
Depreciation and impairment losses		
Owned assets	193	649
Hire of plant and machinery	77	117
Auditors' remuneration	23	23
Auditors' remuneration – non audit fees	7	15
	<u> </u>	<u> </u>

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The average number of employees (including directors) during the period was made up as follows:

	15 months ended 31 March 2005 No.	Year ended 31 December 2003 No.
General and administrative	13	16
Sales and marketing	17	19
Engineering	31	32
Manufacturing	82	82
	<u> </u>	<u> </u>
	143	149

	15 months ended 31 March 2005 £'000	Year ended 31 December 2003 £'000
Staff costs during the period		
Wages and salaries	5,166	4,063
Social security costs	507	391
Pension costs	815	670
	<u> </u>	<u> </u>
	6,488	5,124

	15 months ended 31 March 2005 £'000	Year ended 31 December 2003 £'000
Directors' emoluments		
Wages and salaries	131	105
Social security costs	16	9
Other pension costs	24	18
	<u> </u>	<u> </u>
	171	132

One director (2003: none) is accruing retirement benefits under the defined benefit scheme "the SAB Wabco Pension Scheme" during the period.

FAIVELEY TRANSPORT (BIRKENHEAD) LIMITED
(formerly Sab Wabco Limited)

NOTES TO THE ACCOUNTS

Period ended 31 March 2005

5. INTEREST PAYABLE AND SIMILAR CHARGES

	15 months ended 31 March 2005 £'000	Year ended 31 December 2003 £'000
Bank loans and overdrafts	31	8
Exchange rate losses	171	85
	<u>202</u>	<u>93</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	15 months ended 31 March 2005 £'000	Year ended 31 December 2003 £'000
Interest receivable	247	60
	<u>247</u>	<u>60</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	15 months ended 31 March 2005 £'000	Year ended 31 December 2003 £'000
Current taxation		
UK corporation tax at 30% (2003 30%)	335	-
Adjustments to prior years tax provisions	(335)	-
	<u>-</u>	<u>-</u>

The difference between the total current tax shown and the amount calculated by applying the standard rate of UK Corporation tax on the profit/(loss) before tax is as follows:

	15 months ended 31 March 2005 £'000	Year ended 31 December 2003 £'000
Profit/(loss) on ordinary activities before taxation	4,131	1,387
Tax at 30% thereon (2003: 30%)	1,239	416
Effects of:		
Expenses not deductible for tax purposes	12	3
Sale of intellectual property taxed in 2003	(1,735)	-
Movements in short term timing differences	123	-
Group relief (claimed)/surrendered	-	(18)
Capital allowances in excess of depreciation	(246)	(184)
Utilisation of tax losses brought forward	272	(217)
Prior year adjustment	335	-
	<u>-</u>	<u>-</u>
Current tax charge for the period	<u>-</u>	<u>-</u>

FAIVELEY TRANSPORT (BIRKENHEAD) LIMITED
(formerly Sab Wabco Limited)

NOTES TO THE ACCOUNTS
Period ended 31 March 2005

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Deferred taxation

A deferred tax asset has not been recognised in respect of timing differences relating to depreciation in excess of capital allowances and losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £4,311,000 (2003: £4,077,000). The asset would be recovered if there were sufficient future taxable profits against which the timing differences giving rise to the asset could reverse.

8. FIXED ASSET INVESTMENTS

	Cost £'000
At 1 January 2004	-
Additions	5,800
At 31 March 2005	5,800

On 1 April 2005 the company purchased 290,000 ordinary £1 shares in Sab Wabco (Investments) Limited at a price of £20 per share. This gives the company a 28% shareholding. Sab Wabco (Investments) Limited is a fellow subsidiary incorporated in the UK.

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 January 2004	342	3,849	4,191
Additions	1,013	133	1,146
At 31 March 2005	1,355	3,982	5,337
Accumulated depreciation			
At 1 January 2004	129	3,493	3,622
Charge for the period	9	184	193
At 31 March 2005	138	3,677	3,815
Net book value			
At 31 March 2005	1,217	305	1,522
At 31 December 2003	213	356	569

There are no assets held under finance leases included in the balance above (2003 same).

10. STOCKS

	2005 £'000	2003 £'000
Raw materials	2,165	5,071
Work in progress	91	39
Finished goods	-	40
	2,256	5,150

FAIVELEY TRANSPORT (BIRKENHEAD) LIMITED
(formerly Sab Wabco Limited)

NOTES TO THE ACCOUNTS
Period ended 31 March 2005

11. DEBTORS

	2005 £'000	2003 £'000
Trade debtors	4,958	5,093
Other debtors and prepayments	511	613
	<u>5,469</u>	<u>5,706</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £'000	2003 £'000
Obligations under hire purchase contracts	5	5
Trade creditors	1,103	2,171
Amount owed to group undertakings	11,416	10,137
Other creditors, including taxation and social security	269	765
Accruals	509	778
	<u>13,302</u>	<u>13,856</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2005 £'000	2003 £'000
Obligations under hire purchase contracts	<u>1</u>	<u>8</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

	Restruc- turing £'000	Warranty £'000	Total £'000
At 1 January 2004	568	220	788
Utilised in the period	(475)	-	(437)
Provided / (released) in the period	(78)	38	(78)
	<u>15</u>	<u>258</u>	<u>273</u>
At 31 March 2005	<u>15</u>	<u>258</u>	<u>273</u>

The restructuring provision was for the transfer of the business to new premises in 2003 which was completed during 2005. The remaining provision is for final redundancies.

15. PENSION SCHEME

The company participates in the SAB WABCO Pension Scheme, the Davies & Metcalfe Limited (1977) Retirement Benefits Scheme and the Davies & Metcalfe plc Retirement Benefits Scheme. These schemes provide benefits based on final pensionable pay, contributions being charged to the profit and loss account so as to spread the cost of pensions over employees working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The most recent actuarial valuation of the SAB WABCO Pension Scheme showed that the market value of the scheme's assets was £19,757,000 at 6 April 2004 and that the actuarial value of those assets represented 68% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the company to the scheme will be 22.0% of earnings and employees' contributions vary.

FAIVELEY TRANSPORT (BIRKENHEAD) LIMITED
(formerly Sab Wabco Limited)

NOTES TO THE ACCOUNTS
Period ended 31 March 2005

15. PENSION SCHEME (continued)

The most recent actuarial valuation of the Davies & Metcalfe Limited (1977) Retirement Benefits Scheme showed that the market value of the scheme's assets was £2,235,000 at 10 May 2004 and that the actuarial value of those assets represented 119% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the company to the scheme since 30 June 2002 have been, and will remain at, nil. Employees' contributions are 5%.

The most recent actuarial valuation of the Davies & Metcalfe plc Retirement Benefits Scheme showed that the market value of the scheme's assets was £1,279,000 at 1 March 2004 and that the actuarial value of those assets represented 153% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the company to the scheme since 28 February 2002 have been, and will remain at, nil. Employees pay no contributions.

The assumptions which have the most significant effect on the results of the valuations are those relating to the rate of return on investments (5.7% for the SAB Wabco pension scheme, 3% for the two Davies & Metcalfe schemes) and the rates of increase in salaries (4.4%) and pensions (2.9%).

The total pension charge for the period was £641,000 (2003 £381,000).

As required by SSAP 24, the figures included in the accounts in respect of the company's pension schemes are based on actuarial valuations. These do not take into account any impact of any movements in the general stock market values since that date. Any such impact will be reflected in the next SSAP 24 triennial valuation based upon which subsequent pension costs will be determined until the adoption of FRS 17.

FRS 17 disclosure

Whilst the company continues to account for pension cost in accordance with Statement of Standard Accounting Practice 24 "Accounting for pension costs", under FRS17 'Retirement benefits' the following transitional disclosures are required until FRS 17 becomes fully effective for accounting periods beginning on or after 1 January 2005.

The valuations of the three schemes have been updated at 31 March 2005, 31 December 2003 and 31 December 2002 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17.

Based upon actuarial advice, the major assumptions used in the valuations were:

	2005 %	2003 %	2002 %
Rate of increase in salaries	4.40	4.30	3.85
Rate of increase in pensions in payment:			
SAB WABCO Pension Scheme	2.90	2.80	2.35
Davies & Metcalfe Limited (1977) Retirement Benefits Scheme	2.90	2.80	2.35
Davies & Metcalfe plc Retirement Benefits Scheme	5.00	5.00	5.00
Discount rate	5.40	5.40	5.50
Inflation assumption	2.90	2.80	2.35

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

FAIVELEY TRANSPORT (BIRKENHEAD) LIMITED
(formerly Sab Wabco Limited)

NOTES TO THE ACCOUNTS
Period ended 31 March 2005

15. PENSION SCHEME (continued)

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return were as follows:

	Expected rate of return 2005 %	Value at 31 March 2005 £'000	Expected rate of return 2003 %	Value at 31 December 2003 £'000	Expected rate of return 2002 %	Value at 31 December 2002 £'000
SAB WABCO Pension Scheme						
Equities	6.8	10,442	6.9	10,823	7.0	10,796
Gilts	4.2	4,088	4.3	3,724	4.0	3,583
Bonds	4.9	6,370	4.9	4,764	5.0	3,076
Cash	3.5	119	3.5	39	3.5	32
Total market value of assets		21,019		19,350		17,487
Actuarial value of liabilities		(32,870)		(28,879)		(25,752)
Total deficit		(11,851)		(9,529)		(8,265)
Davies & Metcalfe Limited (1977) Retirement Benefits Scheme						
Insured assets	3.0	2,308	3.0	3,487	3.0	3,406
Total market value of assets		2,308		3,487		3,406
Actuarial value of liabilities		(2,467)		(2,327)		(2,086)
Total (deficit)/surplus		(159)		1,160		1,320
Effect of surplus cap		-		(293)		(245)
(Deficit)/available surplus		(159)		867		1,075
Davies & Metcalfe plc Retirement Benefits Scheme						
Insured assets	3.0	1,317	3.0	1,321	3.0	1,283
Total market value of assets		1,317		1,321		1,283
Actuarial value of liabilities		(962)		(649)		(600)
Total surplus/(deficit)		355		672		683
Effect of surplus cap		(264)		(512)		(515)
Available surplus		91		160		168

The surplus on the latter two schemes can only be recognised to the extent that the company can recover it through reduced contributions in the future or any refunds agreed by the trustees at the balance sheet date. As no refunds had been agreed and they are closed to new entrants the surplus has been capped to contributions payable by the company over the future service of the active members.

FAIVELEY TRANSPORT (BIRKENHEAD) LIMITED
(formerly Sab Wabco Limited)

NOTES TO THE ACCOUNTS
Period ended 31 March 2005

15. PENSION SCHEME (continued)

The inclusion of the schemes' net liabilities within the company's balance sheet would have the following effect on the company's profit and loss reserve:

	At 31 March 2005 £'000	At 31 December 2003 £'000	At 31 December 2002 £'000
Profit and loss reserve as reported	3,321	(810)	(2,197)
Pension assets under FRS 17	91	1,027	1,243
Pension liabilities under FRS 17	(12,010)	(9,529)	(8,265)
Profit and loss reserve as restated	<u>(8,598)</u>	<u>(9,312)</u>	<u>(9,219)</u>
Analysis of the amount charged to operating profit			
	15 months ended 31 March 2005 £'000	Year ended 31 December 2003 £'000	
Current service cost	<u>641</u>	<u>381</u>	
Analysis of the amount charged to net finance charges			
	15 months ended 31 March 2005 £'000	Year ended 31 December 2003 £'000	
Expected return on pension scheme assets	1,611	1,181	
Interest on pension scheme liabilities	(2,150)	(1,555)	
	<u>(539)</u>	<u>(374)</u>	

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15. PENSION SCHEME (continued)

Analysis of the actuarial loss in the statement of total recognised gains and losses

	15 months ended 31 March 2005 £'000	Year ended 31 December 2003 £'000
Actual return less expected return on pension scheme assets	570	1,350
Experience gains and losses arising on the scheme liabilities	(2,530)	41
Changes in assumption underlying the present value of the scheme liabilities	(1,711)	(2,792)
Adjustment due to surplus cap	541	(45)
	<u>(3,130)</u>	<u>(1,446)</u>

Movement in the schemes' net deficit during the period

	15 months ended 31 March 2005 £'000	Year ended 31 December 2003 £'000
At 1 January 2003	(8,502)	(7,022)
Current service cost	(641)	(381)
Contributions	893	721
Past service costs	(239)	-
Net finance charges	(539)	(374)
Actuarial loss	(2,891)	(1,446)
	<u>(11,919)</u>	<u>(8,502)</u>

History of experience gains and losses

	15 months ended 31 March 2005 £'000	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000
Difference between the expected and actual return on schemes' assets:			
Amount	570	1,350	(3,903)
Percentage of schemes' assets	2%	6%	18%
Experience of gains and losses on schemes' liabilities:			
Amount	(2,530)	41	(226)
Percentage of the present value of schemes' liabilities	7%	0%	1%
Change in assumption including the present value of the schemes' liability			
Amount	(1,711)	(2,792)	(1,296)
Percentage of the present value of schemes' liabilities	5%	9%	5%

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16. CALLED UP SHARE CAPITAL

	2005 £'000	2003 £'000
Authorised, allotted, called-up and fully-paid 1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>

17. RESERVES

	Profit and loss account £'000
At 1 January 2004	(810)
Retained profit for period	<u>4,131</u>
At 31 March 2005	<u>3,321</u>

18. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS/(DEFICIT)

	2005 £'000	2003 £'000
Retained profit for period	<u>4,131</u>	<u>1,387</u>
Net decrease in shareholder's deficit	4,131	1,387
Opening equity shareholder's deficit	<u>(809)</u>	<u>(2,196)</u>
Closing equity shareholder's funds/(deficit)	<u>3,322</u>	<u>(809)</u>

19. ULTIMATE PARENT COMPANY

The ultimate parent company changed during the period from Vestar AB, incorporated in Sweden, to Faiveley SA incorporated in France. The largest and smallest group in which the results of the company are consolidated is that headed by Faiveley SA. Copies of the group financial statements are available from Faiveley SA, Carrefour Pleyel, 143 Boulevard Anatole France, FR-93285 Saint-Denis Cedex – France.