

**BTR INTERNATIONAL LIMITED**  
**REPORT AND ACCOUNTS**  
**FOR THE 15 MONTH PERIOD ENDED 31 MARCH 1999**  
**REGISTERED NO: 965046**



**BTR INTERNATIONAL LIMITED**  
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**BTR INTERNATIONAL LIMITED**  
**DIRECTORS' REPORT**

The Directors present their report and accounts for the 15 month period ended 31 March 1999.

**MERGER OF SIEBE PLC AND BTR PLC**

On 4 February 1999 the Company's ultimate parent undertaking, BTR plc, and Siebe plc merged their respective businesses to become BTR Siebe plc. BTR Siebe plc became the Company's new ultimate parent undertaking. Subsequently, BTR Siebe plc changed its name to Invensys plc.

Invensys plc's financial period ends on 31 March. Therefore, the Company has changed its financial year end to 31 March and these accounts are for the 15 months ended 31 March 1999.

**RESULTS AND DIVIDENDS**

The profit for the financial period amounted to £1,251,172,000 (1997 - £481,987,000). The Directors recommend a dividend amounting to £1,200,000,000 (1997 - £497,880,000), which leaves a profit of £51,172,000 (1997 - loss of £15,893,000) to be retained.

**REVIEW OF THE BUSINESS**

The Company's principal activity during the financial period continued to be that of a holding company within the Invensys Group.

As part of a number of various reorganisations during the 15 month period, the Company disposed of a number of investments to BTR Finance BV in exchange for shares in BTR Finance BV. The Company's total investment in BTR Finance BV was subsequently disposed of to Thomas Tilling International Limited in exchange for shares in the latter company.

The Company's investments in BTR Dunlop Inc and BTR Dunlop Finance Inc were also disposed of during the 15 month period to another Invensys Group company.

Company development has been satisfactory and is expected to continue to be so.

**DIRECTORS AND THEIR INTERESTS**

The Directors who served during the 15 month period were as follows:

C R Burns	(resigned 31 March 1999)
P H M Buysse	(resigned 5 January 1998)
B E Crowther	
K A O'Donovan	
P J Robinson	(resigned 30 April 1998)
I C Strachan	
J D Thom	
J S Thompson	(resigned 31 July 1999)
D J Stevens	(resigned 14 May 1999)

In addition J C Bays was appointed a Director on 2 July 1999.

No Director had any interest in the shares of the Company. K A O'Donovan and I C Strachan are also Directors of Invensys plc, the ultimate parent undertaking, and their interests in the shares of that company are disclosed in its accounts. The interest of J S Thompson in Invensys plc is disclosed in BTR plc.

The interests of the other Directors in the shares of Invensys plc were:

	31 March 1999				1 January 1998*			
	Listed	Warrants	Share Option Schemes Senior Executive	SAYE	Listed	Warrants	Share Option Schemes Senior Executive	SAYE
D J Stevens	2,665	-	66,624	5,413	-	-	66,624	2,764
J D Thom	153	-	55,241	5,413	153	60	40,241	5,303
B E Crowther	16,605	-	210,150	9,576	17,405	839	110,150	6,991

\* Or at date of appointment, whichever is later

**BTR INTERNATIONAL LIMITED**  
**DIRECTORS' REPORT (Continued)**

**DIRECTORS AND THEIR INTERESTS (Continued)**

Comparative 1998 figures for the share interests held in BTR shares are restated as share interests in Invensys shares. Comparative figures for the interests in options are also restated as options over Invensys shares. Under the terms of the merger all former BTR shareholders received 0.533 of a new Invensys share for each BTR share held.

Share options relating to the shares of Invensys plc granted to, and exercised by, the Directors of BTR International Limited during the 15 month period ended 31 March 1999, were as follows:

	<b>Granted</b>	<b>Exercised</b>	<b>Lapsed</b>
As part of the Senior Executive Scheme:			
J D Thom	15,000	-	-
B E Crowther	100,000	-	-
As part of the SAYE Scheme:			
D J Stevens	5,413	-	2,764
J D Thom	5,413	-	5,303
B E Crowther	9,576	-	6,991

In addition, D J Stevens, J D Thom and B E Crowther have elected to release their existing BTR share options granted under the BTR Executive Share Option Scheme (1985), the BTR Executive Share Option Scheme (1995) and the BTR Saving-Related Share Option Scheme, into new options over Invensys shares in accordance with an offer made to option holders following the merger.

**LONG TERM INCENTIVE PLAN ("LTIP")**

As at 1 January 1998 D J Stevens held 36,377 shares, J D Thom held 9,061 shares and B E Crowther 25,528 shares under the BTR LTIP. A further 45,499 shares, 10,168 shares and 27,672 shares were awarded to them respectively on 2 January 1998. As a consequence of the merger all outstanding amounts lapsed on 2 February 1999 as the relevant performance condition had not been met.

No Director was interested during or at the end of the period in any contract which was significant in relation to the Company's business.

**YEAR 2000**

BTR International Limited is participating in the Invensys Group world-wide Year 2000 programme. As part of that programme BTR International Limited is following the Invensys Year 2000 methodology which focuses on the risks inherent in core business systems, the IT infrastructure, the non IT infrastructure, the supply chain and sales and marketing.

The Group programme is co-ordinated and managed by a central team and through the divisional offices. The Company reports to the central project team on the progress of its Year 2000 project. Although it is not possible to guarantee that no Year 2000 problems remain, the Group believes that its internal systems are Year 2000 compliant. The Company continues to address the business risk from third parties with whom it deals on business or financial matters including key customers and suppliers. Contingency plans have been developed to minimise the risk of non-compliance caused by disruption from areas where the Company does not have direct control.

To date the Group and this Company have not encountered any significant problems. Although the Millennium date change has passed, the Directors recognise that there is still a risk of Year 2000 impacting the business but do not expect this to be significant.

It is currently estimated that the total expenditure for the Invensys Group is in the order of £75 million in capital and up to £20 million in revenue cost for the period 1997 to end of 1999, of which the Company's share is not material to the Company and is expected to be absorbed within the normal operating costs of the Company.

**EUROPEAN MONETARY UNION**

Following the introduction of the euro on 1 January 1999, the Invensys Group's operations are able to undertake transactions in euros and capture competitive advantages offered by the new currency. The additional costs to BTR International Limited arising from the introduction of the euro are not expected to be significant.

**BTR INTERNATIONAL LIMITED**  
**DIRECTORS' REPORT (Continued)**

**AUDITORS**

In accordance with s386 of the Companies Act 1985, a resolution to dispense with the obligation to appoint auditors annually was passed on 30 August 1991. Accordingly Ernst & Young shall be deemed to be re-appointed as auditors 28 days after the accounts are sent to the members.

By order of the Board.



Per pro Invensys Secretaries Limited, Secretary

Carlisle Place  
London  
SW1P 1BX

31.1.2000

**BTR INTERNATIONAL LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**IN RESPECT OF THE ACCOUNTS**

Company law requires the Directors to prepare accounts for each financial year which 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 accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- *make judgements and estimates which are reasonable and prudent;*
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 enable them to ensure that the accounts 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.

**REPORT OF THE AUDITORS  
TO THE MEMBERS OF BTR INTERNATIONAL LIMITED**

We have audited the accounts on page 7 to 14 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 10.

**Respective responsibilities of Directors and auditors**

As described on page 5, the Company's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

**Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 31 March 1999 and of its profit for the 15 month period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young*  
Ernst & Young  
Registered Auditor  
London

*31 January 2000*

**BTR INTERNATIONAL LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE 15 MONTH PERIOD ENDED 31 MARCH 1999**

		<b>15 months to 31 March 1999 £'000</b>	<b>Year to 31 December 1997 £'000</b>
	<b>Notes</b>		
Profit/(loss) on sale of fixed asset investments		800,578	(196)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		800,578	(196)
Income from shares in group undertakings		829,978	482,437
Interest receivable and similar income	4	1,963	2,788
Interest payable and similar charges	5	(379)	-
Amounts written off investments	8	(278,952)	(365)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,353,188	484,664
Taxation	6	(102,016)	(2,677)
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		1,251,172	481,987
Dividends	7	(1,200,000)	(497,880)
<b>RETAINED PROFIT/(LOSS) FOR THE FINANCIAL PERIOD</b>	14	51,172	(15,893)

The notes on pages 10 to 14 form part of these accounts.

**RECOGNISED GAINS AND LOSSES**

There are no recognised gains or losses other than the profit for the financial period of £1,251,172,000 in the 15 month period ended 31 March 1999 and £481,987,000 in the year ended 31 December 1997.



**BTR INTERNATIONAL LIMITED**  
**BALANCE SHEET AS AT 31 MARCH 1999**

	Notes	31 March 1999 £'000	31 December 1997 £'000
<b>FIXED ASSETS</b>			
Investments	8	2,743,134	3,510,171
<b>CURRENT ASSETS</b>			
Debtors - amounts falling due within one year	9	2,346,206	1,068,359
<b>CREDITORS: Amounts falling due within one year</b>	10	(1,831,040)	(579,822)
<b>NET CURRENT ASSETS</b>		515,166	488,537
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,258,300	3,998,708
<b>CREDITORS: Amounts falling due after more than one year</b>	11	(300,000)	(1,087,650)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	12	-	(3,930)
		2,958,300	2,907,128
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	670	670
Share premium account	14	2,905,933	2,905,933
Profit and loss account	14	51,697	525
		2,958,300	2,907,128

Approved by the Board on 31 January 2000

  
J D Thom  
Director

The notes on pages 10 to 14 form part of these accounts.

**BTR INTERNATIONAL LIMITED**  
**RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**  
**FOR THE 15 MONTH PERIOD ENDED 31 MARCH 1999**

		<b>15 months to 31 March 1999 £'000</b>	<b>Year to 31 December 1997 £'000</b>
	<b>Notes</b>		
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		1,251,172	481,987
Dividends	7	(1,200,000)	(497,880)
		<hr/>	<hr/>
<b>NET INCREASE TO/(REDUCTION FROM) SHAREHOLDERS' FUNDS</b>		51,172	(15,893)
Opening shareholders' funds		2,907,128	2,923,021
		<hr/>	<hr/>
Closing shareholders' funds		2,958,300	2,907,128
		<hr/>	<hr/>

1. ACCOUNTING POLICIES

**Accounting convention**

The accounts have been prepared using the historical cost convention and comply with all applicable UK accounting standards.

**Foreign currencies**

Monetary assets and liabilities denominated in foreign currency are translated at the rates ruling at the period end. Exchange differences arising from the retranslation of foreign currency denominated assets and liabilities together with other exchange differences arising in the period are included in the profit and loss account.

**Investments**

The investments in subsidiary undertakings, associated undertakings and other investments are included at cost less amounts written off and provisions for impairment in value.

**Taxation**

Provision for deferred taxation is made for liabilities which may arise in the foreseeable future.

2. DIRECTORS' REMUNERATION

None of the Directors received any emoluments from the Company during the financial period (1997 - £Nil).

3. EMPLOYEES

No persons were employed by the Company during the financial period (1997 - Nil).

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	15 months to 31 March 1999 £'000	Year to 31 December 1997 £'000
Foreign exchange gain	1,963	2,788

5. INTEREST PAYABLE AND SIMILAR CHARGES	15 months to	Year to
	31 March	31 December
	<u>1999</u>	<u>1997</u>
	£'000	£'000
Interest payable to group undertakings	379	-
	<hr/>	<hr/>
6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES	15 months to	Year to
	31 March	31 December
	<u>1999</u>	<u>1997</u>
	£'000	£'000
Corporation tax at 31% (1997 - 31.49%)	523,497	177,159
Less: Double tax relief	(448,438)	(170,210)
	<hr/>	<hr/>
Overseas tax	75,059	6,949
Deferred tax	34,754	14,381
	(3,930)	(17,079)
	<hr/>	<hr/>
Adjustments in respect of prior years	105,883	4,251
	(3,867)	(1,574)
	<hr/>	<hr/>
	102,016	2,677
	<hr/>	<hr/>
7. DIVIDENDS	15 months to	Year to
	31 March	31 December
	<u>1999</u>	<u>1997</u>
	£'000	£'000
Final proposed of £1,791.04 per share (1997 - £743.10)	1,200,000	497,880
	<hr/>	<hr/>

**BTR INTERNATIONAL LIMITED**  
**NOTES TO THE ACCOUNTS AS AT 31 MARCH 1999 (Continued)**

**8. INVESTMENTS**

	<b>Shares in Subsidiary Undertakings £'000</b>	<b>Shares in Associated Undertakings £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 1998	3,510,532	4	3,510,536
Additions	1,723,729	-	1,723,729
Disposals	(2,211,814)	-	(2,211,814)
	<hr/>	<hr/>	<hr/>
At 31 March 1999	3,022,447	4	3,022,451
	<hr/>	<hr/>	<hr/>
<b>Provision</b>			
At 1 January 1998	(365)	-	(365)
Provided during the financial period	(278,952)	-	(278,952)
	<hr/>	<hr/>	<hr/>
At 31 March 1999	(279,317)	-	(279,317)
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 1 January 1998	3,510,167	4	3,510,171
	<hr/>	<hr/>	<hr/>
At 31 March 1999	2,743,130	4	2,743,134
	<hr/>	<hr/>	<hr/>

As part of a number of various reorganisations during the 15 month period, the Company disposed of a number of investments to BTR Finance BV in exchange for shares in BTR Finance BV. The Company's total investment in BTR Finance BV was subsequently disposed of to Thomas Tilling International Limited in exchange for shares in the latter company.

The Company's investments in BTR Dunlop Inc and BTR Dunlop Finance Inc were also disposed of during the 15 month period to another Invensys Group company.

Details of the Company's principal subsidiary and associated undertakings are as follows:

<b>Name of company</b>	<b>Country of registration, incorporation and operation</b>	<b>Holding</b>	<b>Proportion held</b>	<b>Nature of business</b>
<b>Subsidiary undertakings</b>				
BTR Australia Ltd*	Australia	Ordinary Shares	100%	Holding
Rexnord (UK) Limited*	England & Wales	Ordinary Shares	100%	Distribution
Thomas Tilling International Ltd*	England & Wales	Ordinary Shares	100%	Holding
BTR Holdings NV*	Netherlands Antilles	Ordinary Shares	100%	Dormant
BTR Europe (UK) Ltd*	England & Wales	Ordinary Shares	100%	Dormant

\* Held directly by BTR  
International Ltd

**Associated undertakings**

Novatuft BV	Netherlands	Ordinary Shares	30%	Doormat Manufacturers
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Group accounts have not been prepared because the Company is a wholly owned subsidiary of Invensys plc, a company registered in England & Wales. As a result, the financial statements present information about the Company as an individual undertaking and not about its group.

**BTR INTERNATIONAL LIMITED**  
**NOTES TO THE ACCOUNTS AS AT 31 MARCH 1999 (Continued)**

9. DEBTORS	31 March 1999 £'000	31 December 1997 £'000
Amounts falling due within one year		
Amounts due from parent and fellow subsidiary undertakings	2,262,721	543,577
Amounts due from subsidiary undertakings	83,485	524,782
	<hr/>	<hr/>
	2,346,206	1,068,359
	<hr/>	<hr/>

10. CREDITORS: Amounts falling due within one year	31 March 1999 £'000	31 December 1997 £'000
Amounts due to parent and fellow subsidiary undertakings	445,657	48,897
Amounts due to subsidiary undertakings	88,813	7,667
Current corporation tax	96,570	25,378
Proposed dividend	1,200,000	497,880
	<hr/>	<hr/>
	1,831,040	579,822
	<hr/>	<hr/>

11. CREDITORS: Amounts falling due after more than one year	31 March 1999 £'000	31 December 1997 £'000
Amounts due to parent and fellow subsidiary undertakings	300,000	1,087,650
	<hr/>	<hr/>

12. DEFERRED TAXATION	31 March 1999 £'000	31 December 1997 £'000
Other timing differences	-	3,930
	<hr/>	<hr/>
Deferred tax is fully provided.		

13. CALLED UP SHARE CAPITAL	Authorised		Allotted, Called-up and Fully Paid	
	31 March 1999 £'000	31 December 1997 £'000	31 March 1999 £'000	31 December 1997 £'000
700,000 ordinary shares of £1 each	700	700	-	-
670,001 ordinary shares of £1 each	-	-	670	670
	<hr/>	<hr/>	<hr/>	<hr/>

**BTR INTERNATIONAL LIMITED**  
**NOTES TO THE ACCOUNTS AS AT 31 MARCH 1999 (Continued)**

<b>14. RESERVES</b>	<b>Share Premium Account £'000</b>	<b>Profit and Loss Account £'000</b>
At 1 January 1998	2,905,933	525
Retained profit for the financial period	-	51,172
	<hr/>	<hr/>
At 31 March 1999	2,905,933	51,697
	<hr/>	<hr/>

**15. CONTINGENT LIABILITIES**

The Company has cross guarantee arrangements guaranteeing the bank overdraft of certain other Invensys companies.

In accordance with the provisions contained in the Value Added Tax Act 1983, the Company has entered into a joint and several guarantee for group registrations.

The Company has contingent liabilities arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

**16. CASH FLOW STATEMENT**

As the Company is a wholly owned subsidiary undertaking of Invensys plc, a company registered in England and Wales, which prepares a consolidated cash flow statement, the Company has taken advantage of the exemption provided under the scope of FRS 1 (Revised 1996) not to prepare a cash flow statement.

**17. RELATED PARTY TRANSACTIONS**

As the Company is a wholly owned subsidiary undertaking of Invensys plc, a company registered in England and Wales, which prepares published consolidated financial statements, the Company has pursuant to paragraph 17 of FRS 8 "Related Party Disclosures" not included details of transactions with other companies which are subsidiaries of the Invensys Group. There are no other related party transactions.

*Disclosure of the Directors' interests in the shares of the Company and Invensys plc is made in the Directors' Report.*

**18. IMMEDIATE PARENT UNDERTAKING**

The immediate parent undertaking of BTR International Limited is BTR plc.

**19. ULTIMATE PARENT UNDERTAKING**

The ultimate parent undertaking of BTR International Limited is Invensys plc, a company registered in England and Wales. Copies of the group accounts of Invensys plc, the parent undertaking of the only group preparing group accounts which include BTR International Limited, can be obtained from the Company Secretarial Department, Invensys plc, Carlisle Place, London SW1P 1BX.