

T&N International Limited

Company Number 1073619

Directors' Report for the Year Ended 31st December 1995

**Activities**

The principal activity of the Company is that of an investment holding company and it is not envisaged that this will change in the foreseeable future.

Directors

The following served as Directors during (and, unless otherwise indicated, throughout) the year:-

H F Baines, appointed 06/10/95
M A Bell, resigned 04/05/95
D G Carruthers
W H Everitt
D A Harding, appointed 04/05/95
Sir Colin Hope
I F R Much
Dr A J P Sabberwal

Directors' Interests

The interests, all beneficial, of the Directors in the share capital of T&N plc comprise:-

		Ordinary Shares	
		31.12.95	31.12.94
H F Baines		-	-
D G Carruthers		67,414	65,951
W H Everitt		9,000	37,604
D A Harding		5,000	-
Sir Colin Hope		105,562	105,562
I F R Much		29,168	24,102
Dr A J P Sabberwal		64,999	58,485
		281,143	291,704

	1.1.95	Number of options		Exercise Price	Market price on date exercised	Date of Grant	Date from which exercisable	Expiry Date
		Granted during year	Exercised during year					
H F Baines	41,827	-	41,827	-	111.4	159.0	19.3.92	18.3.2002
	15,685	-	-	15,685	172.1	-	15.4.93	14.4.2003
	25,416	-	-	25,416	226.2	-	12.4.94	11.4.2004
	25,416	-	-	25,416	207.5	-	6.10.94	5.10.2004
	-	50,000	-	50,000	159.0	-	10.5.95	9.5.2005
(1)	-	5,077	-	5,077	135.9	-	1.7.95	31.12.2000
	108,344	55,077	41,827	121,594				
D G Carruthers	52,284	-	-	52,284	160.7	-	24.9.91	23.9.2001
	78,427	-	-	78,427	111.4	-	19.3.92	18.3.2002
	20,913	-	-	20,913	172.1	-	15.4.93	14.4.2003
	25,416	-	-	25,416	226.2	-	12.4.94	11.4.2004
	-	100,000	-	100,000	159.0	-	10.5.95	9.5.2005
(1)	17,699	-	-	17,699	101.7	-	6.5.92	30.11.1999
(1)	-	2,869	-	2,869	135.9	-	1.7.95	31.12.2000
	194,739	102,869	-	297,608				
W H Everitt	44,637	-	-	44,637	213.3	-	7.4.87	6.4.1997
	39,057	-	-	39,057	199.8	-	25.9.87	24.9.1997
	27,898	-	-	27,898	184.6	-	18.4.89	17.4.1999
	80,704	-	-	80,704	171.9	-	11.4.91	10.4.2001
	78,427	-	78,427	-	111.4	176.0	19.3.92	18.3.2002
	20,913	-	-	20,913	172.1	-	15.4.93	14.4.2003
	25,416	-	-	25,416	226.2	-	12.4.94	11.4.2004
	-	100,000	-	100,000	159.0	-	10.5.95	9.5.2005
	317,052	100,000	78,427	338,625				

T&N International Limited

Directors' Report for the Year Ended 31st December 1995 (continued)

	1.1.95	Number of options Granted during year Exercised during year		31.12.95	Exercise Price	Market price on date exercised	Date of Grant	Date from which exercisable	Expiry Date
D A Harding	-	100,000	-	100,000	159.0	-	10.5.95	10.5.98	9.5.2005
Sir Colin Hope	22,604	-	-	22,604	191.1	-	29.4.86	29.4.89	28.4.1996
	66,955	-	-	66,955	213.3	-	7.4.87	7.4.90	6.4.1997
	55,796	-	-	55,796	159.5	-	11.4.88	11.4.91	10.4.1998
	55,796	-	-	55,796	184.6	-	18.4.89	18.4.92	17.4.1999
	86,084	-	-	86,084	147.8	-	10.4.90	10.4.93	9.4.2000
	107,606	-	-	107,606	171.9	-	11.4.91	11.4.94	10.4.2001
	94,112	-	-	94,112	111.4	-	19.3.92	19.3.95	18.3.2002
	50,833	-	-	50,833	226.2	-	12.4.94	12.4.97	11.4.2004
	539,786	-	-	539,786					
I F R Much	80,704	-	-	80,704	171.9	-	11.4.91	11.4.94	10.4.2001
	78,427	-	-	78,427	111.4	-	19.3.92	19.3.95	18.3.2002
	20,913	-	-	20,913	172.1	-	15.4.93	15.4.96	14.4.2003
	25,416	-	-	25,416	226.2	-	12.4.94	12.4.97	11.4.2004
	-	100,000	-	100,000	159.0	-	10.5.95	10.5.98	9.5.2005
(1)	4,897	-	-	4,897	171.5	-	10.5.89	1.6.96	30.11.1996
(1)	2,846	-	-	2,846	158.1	-	7.5.91	1.7.98	31.12.1998
(1)	4,924	-	-	4,924	158.4	-	11.5.93	1.7.2000	31.12.2000
(1)	-	5,077	-	5,077	135.9	-	1.7.95	1.7.2000	31.12.2000
	218,127	105,077	-	323,204					
Dr A J P Sabberwal	9,041	-	-	9,041	191.1	-	29.4.86	29.4.89	28.4.1996
	17,855	-	-	17,855	213.3	-	7.4.87	7.4.90	6.4.1997
	52,284	-	-	52,284	160.7	-	24.9.91	24.9.94	23.9.2001
	52,284	-	-	52,284	111.4	-	19.3.92	19.3.95	18.3.2002
	15,685	-	-	15,685	172.1	-	15.4.93	15.4.96	14.4.2003
	25,416	-	-	25,416	226.2	-	12.4.94	12.4.97	11.4.2004
(1)	5,217	-	5,217	-	138.0	187.0	9.5.90	1.5.95	30.11.1995
(1)	2,371	-	-	2,371	158.1	-	7.5.91	1.7.96	31.12.1996
(1)	7,374	-	-	7,374	101.7	-	6.5.92	1.6.97	30.11.1997
	187,527	-	5,217	182,310					

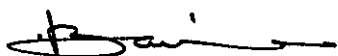
(1) These options have been granted under the Savings-Related Scheme. All other options have been granted under the Executive Scheme.

None of the directors have any other registered interests in the shares of the Company or any other company in the T&N Group.

Dividends

There was no dividend declared in respect of the year ended 31st December 1995.

By Order of the Board



H F Baines

Director

23 October 1996

T&N INTERNATIONAL LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires directors to prepare financial statements 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 financial statements, the directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- * make judgements and estimates that are reasonable and prudent;
- * 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

T&N INTERNATIONAL LIMITED

AUDITORS' REPORT TO THE MEMBERS OF T&N INTERNATIONAL LIMITED

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors

As described on page 3 the Company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 affairs of the Company as at 31 December 1995 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors
LONDON

28th October, 1996

T&N INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1995

	Notes	Continuing Operations 1995 £	Continuing Operations 1994 £
Administrative expenses		(11,581)	(150,624)
(Loss)/Profit on sale of investment		(4,489,235)	31,961,634
Income from shares in group undertakings		26,610,045	3,402,183
Income from shares in participating interests		53,242	48,138
Income from other fixed assets investments		26,722	25,470
Interest received from group undertakings		-	523,834
Other interest receivable and similar income		73,767	1,167,391
Provision against fixed asset investment		(100,000)	-
Write down of investments		(3,335,000)	(34,936,794)
Profit on ordinary activities before taxation	2	18,827,960	2,041,232
Tax on profit on ordinary activities	4	(2,651,000)	(126,944)
Profit on ordinary activities after taxation		16,176,960	1,914,288
Retained profit for the financial year	10	16,176,960	1,914,288

A reconciliation in movements in shareholders' funds is given in note 10 of the financial statements.

T&N INTERNATIONAL LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 1995

	Notes	1995 £	1994 £
<u>Fixed Assets</u>			
Investments	5	186,935,553	202,773,590
<u>Current Assets</u>			
Debtors	6	142,963	1,935,767
Creditors: amounts falling due within one year	7	(1,441,877)	(297,434)
Net current (liabilities)/assets		(1,298,914)	1,638,333
Total assets less current liabilities		185,636,639	204,411,923
Creditors: amounts falling due after more than one year	8	(21,381,854)	(56,334,098)
Net assets		164,254,785	148,077,825
<u>Capital and Reserves</u>			
Called up share capital	9	110	110
Share Premium	10	9,577,260	9,577,260
Revaluation reserve	10	106,119,760	116,988,810
Profit & Loss Account	10	48,557,655	21,511,645
		164,254,785	148,077,825

The financial statements on pages 5 to 14 were approved by the Board on 28 October 1996 and were signed on its behalf by:-



H F Baines - Director

T&N INTERNATIONAL LIMITED

FOR THE YEAR ENDED 31ST DECEMBER 1995

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1995 £	1994 £
Profit on ordinary activities after taxation (see page 5)	16,176,960	1,914,288
Other recognised gains and losses		
Unrealised profit on revaluation of fixed assets	-	102,983,742
Currency translation differences on foreign currency net investments	72,624	3,866
Other recognised gains	-	1,323,369
	<hr/>	<hr/>
Total gains and losses since the last annual report	16,249,584	106,225,265
	<hr/> <hr/>	<hr/> <hr/>

HISTORICAL COST PROFITS AND LOSSES

	1995 £	1994 £
Reported profit on ordinary activities before taxation	18,827,960	2,041,232
Realisation of investment revaluation surplus	10,869,050	9,319,210
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	29,697,010	11,360,442
	<hr/>	<hr/>
Historical cost profit on ordinary activities after taxation	27,046,010	11,233,498
	<hr/> <hr/>	<hr/> <hr/>

T&N INTERNATIONAL LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) Basis of accounting

The accounts have been prepared in accordance with Applicable Accounting Standards and under the historical cost convention.

(b) Fixed asset investment

These have been included in the financial statements at valuation less provisions for permanent diminution in value. The valuation is a directors' estimate based on a multiple of earnings.

(c) Translation of foreign currencies

Assets and liabilities are translated at the rate of exchange ruling at the end of the year. Exchange differences arising in the ordinary course of business are included in profit on ordinary activities before taxation.

(d) Deferred taxation

Deferred tax is recognised in the Company's accounts only to the extent that it is probable it will be payable in the foreseeable future.

(e) Cash flow statement

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

There were no audit fees charged in the year (1994: £Nil). Included in interest receivable and similar income is £72,624 (1994: £1,167,391) relating to foreign exchange gains.

T&N INTERNATIONAL LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

3. DIRECTORS AND EMPLOYEES

None of the directors of the Company received any emoluments in respect of his services as a director of the Company (1994: £NIL).

There are no employees of the Company.

4. TAXATION

The taxation charge based on the results for the period is made up as follows:-

	1995 £	1994 £
UK corporation tax at 33% (1994 33%)	4,136,000	1,090,728
Relief for overseas taxation	(2,671,000)	(1,090,728)
	<hr/> 1,465,000	<hr/> -
Overseas taxation	1,186,000	134,763
Prior period adjustments	-	(7,819)
	<hr/> 2,651,000	<hr/> 126,944
	<hr/> <hr/>	<hr/> <hr/>

The charge for the year has been reduced by £1,059,000 (1994: £340,913) as a result of group relief and by £4,138,000 (1994: £217,358) as a result of ACT surrenders received for which no consideration will pass.

T&N INTERNATIONAL LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

5. FIXED ASSET INVESTMENTS

	Group Companies		Associated Undertakings	Trade Investments	Total
	Equity	Loans			
	£	£	£	£	£
<u>Valuation/Cost</u>					
At 1st January 1995	196,483,810	7,416,440	35,122,459	4,108,878	243,131,587
Disposals & Repayments	(13,667,862)	(7,239,064)	(417,811)	-	(21,324,737)
Additions	2,981,191	4,988,467	110,947	-	8,080,605
Revaluation	(3,335,000)	-	-	-	(3,335,000)
Exchange movements	-	72,624	-	-	72,624
At 31st December 1995	<u>182,462,139</u>	<u>5,238,467</u>	<u>34,815,595</u>	<u>4,108,878</u>	<u>226,625,079</u>
<u>Provisions</u>					
At 1st January 1995	(40,311,587)	-	(46,410)	-	(40,357,997)
Additions	(100,000)	-	-	-	(100,000)
Disposals	746,471	-	22,000	-	768,471
At 31st December 1995	<u>(39,665,116)</u>	<u>-</u>	<u>(24,410)</u>	<u>-</u>	<u>(39,689,526)</u>
<u>Net book value</u>					
At 31st December 1995	<u>142,797,023</u>	<u>5,238,467</u>	<u>34,791,185</u>	<u>4,108,878</u>	<u>186,935,553</u>
At 31st December 1994	<u>156,172,223</u>	<u>7,416,440</u>	<u>35,076,049</u>	<u>4,108,878</u>	<u>202,773,590</u>

Listed investments are included in the above figures at the following amounts: Group Companies listed on the South African Stock Exchange £26,272,000 (1994: £17,428,000). Market Value: £41,103,559 (1994: £23.6m). Income from these investments during the year was £Nil (1994: £695,568).

On a historical cost basis the above investments would have been included at:-

Original cost

At 31st December 1995	<u>97,607,997</u>	<u>5,238,467</u>	<u>13,549,977</u>	<u>4,108,878</u>	<u>120,505,319</u>
At 31st December 1994	<u>100,760,618</u>	<u>7,416,440</u>	<u>13,856,841</u>	<u>4,108,878</u>	<u>126,142,777</u>
<u>Provision for diminution in value</u>					
At 31st December 1995	<u>(39,665,116)</u>	<u>-</u>	<u>(24,410)</u>	<u>-</u>	<u>(39,689,526)</u>
At 31st December 1994	<u>(40,311,587)</u>	<u>-</u>	<u>(46,410)</u>	<u>-</u>	<u>(40,357,997)</u>

The principal subsidiaries and associated undertakings are set out in notes 11 and 12.

T&N INTERNATIONAL LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

5. FIXED ASSET INVESTMENTS (Cont'd)

	Subsidiary Undertakings		Parent Undertakings of Fellow Subsidiary Undertakings Loans
	Equity	Loans	
	£	£	£
<u>Valuation/cost</u>			
At 1st January 1995	196,483,810	7,166,440	250,000
Disposals & Repayments	(13,667,862)	(7,239,064)	-
Additions	2,981,191		4,988,467
Revaluation	(3,335,000)		
Exchange movements	-	72,624	-
At 31st December 1995	<u>182,462,139</u>	<u>-</u>	<u>5,238,467</u>
<u>Provisions</u>			
At 1st January 1995	(40,311,587)	-	-
Additions	(100,000)		
Disposals	<u>746,471</u>	<u>-</u>	<u>-</u>
At 31st December 1995	<u>(39,665,116)</u>	<u>-</u>	<u>-</u>
<u>Net book value</u>			
At 31st December 1995	<u>142,797,023</u>	<u>-</u>	<u>5,238,467</u>
At 31st December 1994	<u>156,172,223</u>	<u>7,166,440</u>	<u>250,000</u>
On a historical cost basis the above investments would have been included at:-			
<u>Original cost</u>			
At 31st December 1995	<u>97,607,997</u>	<u>-</u>	<u>5,238,467</u>
At 31st December 1994	<u>100,760,618</u>	<u>7,166,440</u>	<u>250,000</u>
<u>Provision for diminution in value</u>			
At 31st December 1995	<u>(39,665,116)</u>	<u>-</u>	<u>-</u>
At 31st December 1994	<u>(40,311,587)</u>	<u>-</u>	<u>-</u>

6. <u>DEBTORS</u>	<u>1995</u>	<u>1994</u>
	£	£
Amounts owed by parent undertaking	115,963	1,705,155
UK taxation recoverable	-	29,112
Other Debtors	<u>27,000</u>	<u>201,500</u>
	<u>142,963</u>	<u>1,935,767</u>

T&N INTERNATIONAL LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

7. <u>CREDITORS:</u> Amounts falling due within one year	<u>1995</u> £	<u>1994</u> £
Bank loans & overdrafts	-	10,676
Amounts owed to fellow subsidiaries	-	201,500
UK Taxation	-	-
Overseas Taxation	1,441,877	85,258
	<u>1,441,877</u>	<u>297,434</u>

8. <u>CREDITORS:</u> Amounts falling due after more than one year	<u>1995</u> £	<u>1994</u> £
Amounts owed to parent undertaking or fellow subsidiary undertakings	21,251,854	56,204,098
Provision for subsidiaries net liabilities	130,000	130,000
	<u>21,381,854</u>	<u>56,334,098</u>

9. <u>SHARE CAPITAL</u>	<u>1995</u> £	<u>1994</u> £
Authorised, 150 shares of £1 each	150	150
Issued and fully paid 110 shares of £1 each	110	110

10. <u>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</u>	Share Capital £	Share Premium Account £	Revaluation Reserve £	Profit and loss Account £	Total £
Opening Shareholders' Funds	110	9,577,260	116,988,810	21,511,645	148,077,825
Currency translation	-	-	-	-	-
Profit for year	-	-	-	16,176,960	16,176,960
Transfer on disposal of subsidiary	-	-	(10,869,050)	10,869,050	-
Closing Shareholders' Funds	110	9,577,260	106,119,760	48,557,655	164,254,785

T&N INTERNATIONAL LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

11. GROUP COMPANIES

The following information is given regarding the Company's principal subsidiaries as at 31st December 1995. The companies are incorporated in the countries indicated; the share capital of these companies is wholly-owned by T&N International Limited either directly or indirectly and consists of ordinary shares or stock, except as otherwise indicated. Where the share capital is held by a subsidiary, this is indicated by an asterisk.

	<u>Country of incorporation</u>	<u>Principal products or activity</u>
AE Goetze SpA*	Italy	Piston Products
Ferodo Beral GmbH*	Germany	Friction products
Glacier Vandervell Srl (92.6%)	Italy	Bearings
Tako Payen SpA*	Italy	Sealing Products
Ferodo Italiana SpA*	Italy	Friction products
Asseng Ltd (51%)*	S. Africa	Piston products
Ferodo (Pty) Ltd (51%)*	S. Africa	Friction products
Silverton Engineering (Pty) Ltd (51%)*	S. Africa	Heat Transfer Products
Components (Eastern) Ltd	Hong Kong	Gaskets
Ferodo India	India	Friction Products
TAP Building Products Ltd	Zambia	Construction Materials

The Company is exempt (under section 228 of the Companies Act 1985) from the obligation to prepare group accounts as it is a wholly owned subsidiary of T&N plc, which is registered in England and Wales, and is included in T&N plc's consolidated accounts. These accounts present information about T&N International Ltd as an individual undertaking and not about its group.

12. ASSOCIATED UNDERTAKINGS

The following information is given regarding principal associated undertakings:-

<u>NAME OF COMPANY</u>	<u>COUNTRY OF INCORPORATION</u>	<u>PROPORTION HELD %</u>	<u>ACTIVITY</u>
T&N France S.A.	France	33.77	Holding Co for Group's French interest

Issued share capital

1,671,833 ordinary shares of FF100 each, fully paid.

T&N INTERNATIONAL LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

13. ULTIMATE PARENT COMPANY

The Company's immediate parent company is T&N Holdings Ltd and the ultimate parent company is T&N plc. Both are registered in England and Wales. Copies of the Annual Report and Accounts can be obtained from the Company Secretary at Bowdon House, Ashburton Road West, Trafford Park, Manchester, M17 1RA.

14. COMPOSITE CROSS-GUARANTEE

The Company, its ultimate parent company, and certain of its fellow subsidiaries in the UK have entered into a composite cross-guarantee in relation to the facilities provided by its principal UK banker.