

**RENOLD INTERNATIONAL HOLDINGS LIMITED**

(Ultimate Parent Company: Renold plc  
incorporated in the United Kingdom)

**DIRECTORS**

The present Directors of Renold International Holdings Limited are:

\*John Hamilton Birkett Allan - Chairman  
Geoffrey Richard Newton  
Deborah Ann Lyndon

\*Director of Renold plc  
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**REPORT OF THE DIRECTORS**

for the year ended 3rd April 1999

To be presented to the Ninety-first Annual General Meeting of the Company to be held at the Registered Office on 23rd July 1999.

**Results and dividend**

£000

The profit after tax amounts to  
From which is deducted a dividend now recommended of  
Leaving retained profit for the financial year of

4,291  
4,280  
11

**Principal activity**

The principal activity is that of a holding company.

**Directors' interests**

The beneficial interests of the directors (including their family interests) in the Ordinary Shares of Renold plc are as follows:

	3rd April 1999			28th March 1998		
	Shares	Options		Shares	Options	
		Executive Scheme	Savings Related Scheme		Executive Scheme	Savings Related Scheme
D A Lyndon	11,096	85,000	1,107	328	75,000	11,737
G R Newton	45,145	30,000	2,524	45,007	20,000	2,524

The interests of Mr J H B Allan, a director of the ultimate parent company, are disclosed in the accounts of that company.

Miss D A Lyndon and Mr G R Newton were each allotted 138 shares on 12th August 1998 under the Renold Employee Share Scheme for profit sharing in respect of the year 1997/8. During the year options were granted to Miss D A Lyndon and Mr G R Newton under the Renold (1995) Executive Share Option Scheme for 10,000 shares each at a price of 237.33 pence per share exercisable within 7 years from 17th July 2001.

Options in respect of 10,630 Ordinary Shares of 25 pence each granted under the Renold (1985) Savings Related Share Option Scheme were exercised by Miss D A Lyndon during the year.

The only non-beneficial interest in the Ordinary Shares of Renold plc at 3rd April 1999 was 415,501 (28th March 1998 - 305,400) shares held by Miss D A Lyndon and Mr G R Newton as trustees of the Renold Employee Share Scheme.

The unexercised options held by directors at 3rd April 1999 shown above (other than the director of Renold plc) were held under the Renold Executive Share Option Schemes and the Renold Savings Related Share Option Schemes, as follows:

Share options	Number of share options				Market price on date of exercise (pence per share)	Option price (pence per share)	Date from which exercisable	Expiry date
	At 28.3.98	Granted	Exercised	At 3.4.99				
D A Lyndon								
1985 Executive scheme	40,000			40,000		120.3	30.11.1996	29.11.2003
1985 Executive scheme	10,000			10,000		184.3	1.12.1997	30.11.2004
1995 Executive scheme (a)	15,000			15,000		293.83	16.7.1999	15.7.2003
1995 Executive scheme (a)	10,000			10,000		242.67	18.7.2000	17.7.2004
1995 Executive scheme		(a) 10,000		10,000		237.33	17.7.2001	16.7.2008
1985 Saving scheme	10,630		(10,630)		148.5	97.36	1.2.1999	31.7.1999
1995 Saving scheme	1,107			1,107		200.8	1.2.2000	31.7.2000
G R Newton								
1995 Executive scheme (a)	5,671			5,671		293.83	16.7.1999	15.7.2003
1995 Executive scheme (a)	4,329			4,329		293.83	16.7.1999	15.7.2006
1995 Executive scheme (a)	10,000			10,000		242.67	18.7.2000	17.7.2004
1995 Executive scheme		(a) 10,000		10,000		237.33	17.7.2001	16.7.2008
1985 Saving scheme	1,417			1,417		97.36	1.2.1999	31.7.1999
1995 Saving scheme	1,107			1,107		200.8	1.2.2000	31.7.2000

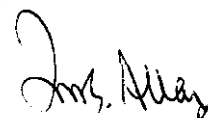
(a) only exercisable if the performance condition approved by the shareholders of Renold plc at the 1995 AGM and set at the time of grant is met.

At 3rd April 1999 the only interests of directors in the Ordinary Share Capital of Renold plc were as stated above, other than Mr J H B Allan whose interests are disclosed in the accounts of the ultimate parent company.

## Auditors

Following the merger of Price Waterhouse and Coopers & Lybrand on 1st July 1998, Price Waterhouse resigned as auditors in favour of the new firm, PricewaterhouseCoopers, and the directors appointed PricewaterhouseCoopers to fill the casual vacancy created by the resignation. A resolution to reappoint PricewaterhouseCoopers as auditors of the Company will be proposed at the Annual General Meeting.

By Order of the Board



Director

Renold House  
Wythenshawe  
Manchester M22 5WL

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RENOLD INTERNATIONAL HOLDINGS LIMITED  
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the Auditors' Report, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

The directors are required by the Companies Act 1985 to prepare accounts on a going concern basis (unless it is inappropriate to presume that the Company will continue in business) for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the accounts on pages 4 to 7, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable Accounting Standards have been followed.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the accounts comply with the Companies Act 1985.

The directors 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.

**AUDITORS' REPORT TO THE MEMBERS OF RENOLD INTERNATIONAL HOLDINGS  
LIMITED**

We have audited the accounts on pages 4 to 7 which have been prepared under the historical cost convention, and the accounting policies set out on page 6.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report, including as described above, the accounts. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the Company has not kept proper accounting records, if we have not received all of the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

**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 the Company's affairs at 3rd April 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers*

Chartered Accountants and Registered Auditors  
101 Barbirolli Square  
Manchester M2 3PW

**RENOLD INTERNATIONAL HOLDINGS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE FINANCIAL YEAR ENDED 3RD APRIL 1999**

	1999 £000	1998 £000
<b>Dividends received/receivable from Subsidiary Companies</b>	6,351	5,580
<b>Taxation (Note 2)</b>		
UK corporation tax at 31% (1997/8 - 31%)	2,052	1,871
Double taxation relief	(2,030)	(1,837)
	<u>22</u>	<u>34</u>
Surrender of advance corporation tax	(8)	(34)
Overseas taxation	2,030	1,837
	<u>2,044</u>	<u>1,837</u>
Adjustments for the year 1997/8 (1996/7)		
Advance corporation tax	12	15
Group relief	4	10
	<u>2,060</u>	<u>1,862</u>
<b>Profit after tax</b>	4,291	3,718
Proposed dividend	4,280	3,700
<b>Retained profit for the financial year</b>	<u>11</u>	<u>18</u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	1999 £000	1998 £000
Profit for the financial year	11	18
Total recognised gains relating to the financial year	<u>11</u>	<u>18</u>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1999 £000	1998 £000
At beginning of year	2,847	2,829
Retained profit for the financial year	11	18
At end of year	<u>2,858</u>	<u>2,847</u>

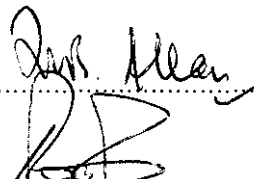
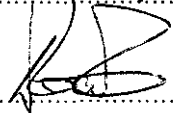
The profit and loss account should be read in conjunction with the notes on pages 6 and 7.

(Ctd:-

**RENOLD INTERNATIONAL HOLDINGS LIMITED**  
**BALANCE SHEET**  
**AS AT 3RD APRIL 1999**

	Note	1999 £000	1998 £000
<b>Fixed assets</b>			
Investments	1	15,535	15,535
<b>Current assets</b>			
Debtors	2	5,603	1,448
<b>Current liabilities</b>			
Creditors - amounts falling due within one year	3	(3,334)	(4,349)
<b>Net current assets/(liabilities)</b>		<u>2,269</u>	<u>(2,901)</u>
<b>Total assets less current liabilities</b>		17,804	12,634
<b>Amounts owed to parent company</b>	3	<u>14,946</u>	<u>9,787</u>
<b>Net assets</b>		<u><u>2,858</u></u>	<u><u>2,847</u></u>
<b>Called up equity share capital</b>			
Authorised Number of shares			
Ordinary shares of £1 each			
- issued and fully paid	1,209,000	1,209	1,209
- not issued	5,791,000		
	<u>7,000,000</u>		
<b>Reserves - profit and loss account</b>	4	<u>1,649</u>	<u>1,638</u>
<b>Equity shareholders' funds</b>		<u><u>2,858</u></u>	<u><u>2,847</u></u>

Approved by the Board on 10th June 1999 and signed on its behalf by :

  
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.....

Directors

The balance sheet should be read in conjunction with the notes on pages 6 and 7.

RENOLD INTERNATIONAL HOLDINGS LIMITED  
NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 3RD APRIL 1999

**Accounting policies**

**Basis of accounting** - The accounts have been prepared under the historical cost convention and are in accordance with applicable accounting standards. Accounting policies set out below and in the following notes have been applied consistently throughout the year and the preceding year.

**Overseas currencies** - Transactions in foreign currencies are recorded using the rates of exchange ruling at the dates of the transactions, or at contracted rates where appropriate. Assets and liabilities denominated in foreign currencies are translated using the rates of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account to the extent that they are not covered by forward exchange contracts.

**1 Investment in Subsidiary Companies**

At 3rd April 1999 the interest in subsidiary companies comprised:

Company	Country of Incorporation
Renold GmbH	Austria
Renold Continental Limited (branches in Belgium and Holland)	United Kingdom
Perry Belge SA	Belgium
Renold A/S	Denmark
Brampton Renold SA	France
Renold (Deutschland) GmbH	Germany
Arnold & Stolzenberg GmbH *	Germany
Renold Manifold GmbH *	Germany
Renold Transmission AB	Sweden
Renold (Switzerland) GmbH	Switzerland
Renold Canada Limited	Canada
Renold Holdings Inc	USA
Renold Australia Proprietary Limited	Australia
Renold (Malaysia) Sdn Bhd	Malaysia
Renold Christian Limited	New Zealand
Renold Overseas Limited (branch in Singapore)	United Kingdom
Renold Crofts (Proprietary) Limited	South Africa
Renold Hi-Tec Couplings SA	Spain

\* Indirect subsidiary of Renold International Holdings Limited

All companies are direct or indirect subsidiaries of Renold International Holdings Limited and are wholly owned, and are principally concerned with the manufacture and distribution of power transmission and mechanical handling products.

Group accounts are not submitted as Renold International Holdings Limited is itself a wholly owned subsidiary of Renold plc, which is a company registered in England and is the immediate and ultimate parent company and controlling party. Therefore, the financial information is presented for Renold International Holdings Limited as an individual company and not for its group.

Group accounts of Renold plc, which include the accounts of the Company and its subsidiaries, can be obtained from the Company Secretary, Renold House, Styal Road, Wythenshawe, Manchester M22 5WL.

Shares in subsidiary companies are stated at cost in the balance sheet.

In the opinion of the directors the value of the Company's investment in its subsidiaries is not less than the aggregate amount at which they are stated in the balance sheet.

(Ctd:-

RENOLD INTERNATIONAL HOLDINGS LIMITED  
NOTES ON THE ACCOUNTS FOR THE  
FINANCIAL YEAR ENDED 3RD APRIL 1999

<b>2 Debtors</b>	1999 £000	1998 £000
Amounts owed by group undertakings	5,571	1,448
Other debtors	32	-
	<u>5,603</u>	<u>1,448</u>

<b>3 Creditors</b>	1999 £000	1998 £000
Amounts falling due within one year:		
Amount owed to subsidiary company	-	649
Dividend payable	3,334	3,700
	<u>3,334</u>	<u>4,349</u>

**4 Amounts owed to parent company**

No specific term has been set for the repayment of the indebtedness to Renold plc which is interest free.

<b>5 Reserves</b>	Profit and loss account £000
Balance at beginning of year	1,638
Profit for the year	11
Balance at end of year	<u>1,649</u>

**6 Contingent liabilities**

At 3rd April 1999 there were contingent liabilities in respect of guarantees given to bankers in the ordinary course of business for borrowings of Renold plc and certain of its UK subsidiary companies.

**7 Remuneration of directors**

No remuneration has been paid during the year to directors for their services as directors of the Company or to past directors.

**8 Cash flow statement**

As permitted under Financial Reporting Standard 1, the accounts do not contain a cash flow statement as the accounts of the ultimate parent company include a consolidated cash flow statement.

**9 Related party transactions**

The Company has taken advantage of the exemption not to disclose related party transactions with other members of the Group under Financial Reporting Standard 8 (Related Party Transactions) as it is a wholly owned subsidiary.