

**T&N Trade Marks Limited**

Company Number 305253

Directors' Report for the Year Ended 31st December 1999

**Activities**

The business of the Company is to deal with intellectual property matters on behalf of T&N Limited.

Results for the year can be found on page 4. The Company made a profit of £1,549,000 (1998: £2,219,000).

**Directors**

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

S P Arnold  
J H Devonald  
N A Graham  
K P Thomas

Mr D M Sherbin and Mr J Zamoyski were appointed on 11<sup>th</sup> December 2000. Mr S P Arnold, Mr J H Devonald, Mr N A Graham and Mr K P Thomas resigned on 11<sup>th</sup> December 2000.

**Directors' Interests**

None of the directors had any interest in the share capital of the Company at 31<sup>st</sup> December 1999 or 31<sup>st</sup> December 1998.

**Dividends**

There was no dividend declared in respect of the year ended 31st December 1999.

**Auditors**

A resolution to reappoint Ernst & Young as auditors will be proposed at the forthcoming Annual General Meeting.

*By Order of the Board*



J Zamoyski  
**Director**

Date:

22.1.01



T&N TRADE MARKS 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;
- \* make judgements and estimates that are reasonable and prudent;
- \* state whether applicable 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 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 TRADE MARKS LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF T&N TRADE MARKS LIMITED

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the Company's directors are responsible for the preparation of accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you. Our responsibilities, as independent auditors, are established by United Kingdom statute, the Auditing Practices Board and by our profession's ethical guidance.

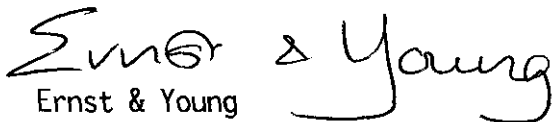
Basis of opinion

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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Ernst & Young  
Registered Auditors  
Manchester

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T&N TRADE MARKS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1999

	Notes	1999 £000	1998 £000
Other operating income		<u>1,549</u>	<u>2,482</u>
Operating profit on ordinary activities	2	1,549	2,482
Loss on disposal of trademark		<u>-</u>	<u>(263)</u>
Profit on ordinary activities before taxation		1,549	2,219
Tax on profit on ordinary Activities	4	<u>-</u>	<u>-</u>
Profit on ordinary activities after taxation		1,549	2,219
Dividend paid		<u>-</u>	<u>-</u>
Transfer to reserves		<u><u>1,549</u></u>	<u><u>2,219</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the profit for the period. All results have been derived from continuing activities.

There is no difference between the result as disclosed above and the result given by an unmodified historical cost basis.

T&N TRADE MARKS LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 1999

	Notes	1999 £000	1998 £000
<u>Fixed Assets</u>			
Intangible assets	5	<u>9,758</u>	<u>9,758</u>
<u>Current Assets</u>			
Cash		7,216	5,686
Debtors	6	<u>381</u>	<u>356</u>
		7,597	6,042
<u>Creditors: amounts falling due within one year</u>	7	<u>(372)</u>	<u>(366)</u>
Net current assets		<u>7,225</u>	<u>5,676</u>
Total assets less current liabilities		16,983	15,434
<u>Creditors: amounts falling due after more than one year</u>	8	<u>(5,614)</u>	<u>(5,614)</u>
Net Assets		<u>11,369</u>	<u>9,820</u>
<u>Capital and Reserves</u>			
Called up share capital	9	24	24
Profit and loss account	10	<u>11,345</u>	<u>9,796</u>
Shareholders' funds - equity		<u>11,369</u>	<u>9,820</u>

The financial statements on pages 4 to 8 were approved by the Board on 22/01/2001 were signed on its behalf by:-

  
Director

T&N TRADE MARKS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost convention.

(b) Deferred taxation

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

(c) 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.	<u>OPERATING PROFIT</u>	1999 £000	1998 £000
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Is stated after crediting

Trademark royalties	<u>1,569</u>	<u>2,544</u>
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There were no audit fees charged in the year (1998: £nil).

3. DIRECTORS AND EMPLOYEES

The directors have not received any remuneration for services to the Company during the year (1998: £nil).

There are no employees of the Company.

T&N TRADE MARKS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

4. TAXATION

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

	1999 £000	1998 £000
Current year UK Corporation Tax @ 30.25% (1998 31%)	-	-

The current year charge has been reduced by £0.5m (1998 £0.8m) as a result of group relief received for which no consideration will pass.

5. INTANGIBLE ASSETS

These consist of trademarks whose value is carried at cost.

	1999 £000	1998 £000
Cost at 31st December	9,758	9,758

6. DEBTORS

	£000	£000
Accrued income	381	356

7. CREDITORS: Amounts falling due within one year

Amounts owed to parent undertaking	320	314
UK taxation payable	52	52
	372	366

T&N TRADE MARKS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

8.	<u>CREDITORS: Amounts falling due</u>	1999	1998
	after more than one year	£000	£000
	Amounts owed to fellow subsidiary undertaking	5,614	5,614

9.	<u>CALLED UP SHARE CAPITAL</u>	1999	1998
		£000	£000
	Authorised:		
	25,000 ordinary shares of £1 each	25	25
	Issue and fully paid:		
	24,000 ordinary shares of £1 each	24	24

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital £000	Profit & Loss Account £000	Total 1999 £000	Total 1998 £000
Opening shareholders' funds	24	9,796	9,820	7,601
Retained profit for the year	-	1,549	1,549	2,219
Closing shareholders' funds	24	11,345	11,369	9,820

11. ULTIMATE PARENT COMPANY

The Company's immediate parent company is AE plc which is registered in England and Wales. The ultimate parent company is Federal-Mogul Corporation which is registered in the United States of America. Copies of the Federal-Mogul Corporation Annual Report and Accounts can be obtained from Federal-Mogul Investor Relations, 26555 Northwestern Highway, Southfield, MI 48034, USA. The smallest group the Company is consolidated into is Federal-Mogul Global Growth Limited.