

AE Export Services Limited

Company Number 894128

Directors' Report for the Year Ended 31st December 1997

Activities

The principal activity of the Company, as agent for T&N Limited, is the development and control of the strategic technology, market and financial objectives of the subsidiary companies of T&N Limited who are involved in the business of the design and manufacture of piston products.

Directors

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

A C Bigwood
R A Chambers
T Loxton-Vowles
Dr B L Ruddy
P D White

Directors' Interests

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

The interests, all beneficial, of

						Ordinary Shares			
						31.12.97	31.12.96		
						-	-		
A C Bigwood						-	-		
R A Chambers						-	-		
T Loxton-Vowles						-	-		
Dr B L Ruddy						-	-		
P D White						-	-		
						-	-		

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



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COMPANIES HOUSE 10/11/98

COMPANIES HOUSE 30/10/98

AE Export Services Limited

Directors' Report for the Year Ended 31st December 1997 (continued)

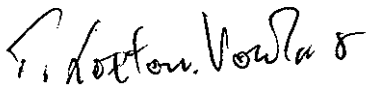
Dividends

There was no dividend declared in respect of the year ended 31st December 1997.

Auditors

The company has satisfied section 250 of the Companies Act 1985 (as amended by section 14 of the Companies Act 1989) and a special resolution not to appoint auditors will be proposed at the forthcoming annual general meeting.

By Order of the Board



T Loxton-Vowles

Director

27 October 1998

AE EXPORT SERVICES 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.

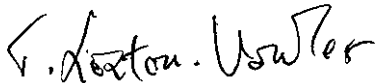
AE EXPORT SERVICES LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 1997

	Notes	1997 £	1996 £
<u>Fixed Assets</u>			
Investments	4	100	100
		<hr/>	<hr/>
Net assets		100	100
		<hr/>	<hr/>
<u>Capital and Reserves</u>			
Called up share capital	5	100	100
		<hr/>	<hr/>
Shareholder's funds - equity	6	100	100
		<hr/>	<hr/>

The company was dormant throughout the financial period.
The financial statements on pages 4 to 6 were approved by the Board on 27 October 1998 and were signed on its behalf by:-


T Loxton-Vowles - Director

AE EXPORT SERVICES 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) 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 AND LOSS ACCOUNT

The Company has traded during the year only as agent for T&N Limited. It has not traded in its own account, has received no income and incurred no expenditure and consequently has made neither a profit nor a loss. The Company had no recognised gains or losses for the year.

3. DIRECTORS

The directors have not received any remuneration for services to the Company during the year (1996: £nil).

4. INVESTMENTS

Loan to ultimate UK parent undertaking

At 31st December 1997

At 31st December 1996

£

100

100

1997
£

1996
£

5. CALLED UP SHARE CAPITAL

Authorised, issued and fully paid
400 shares of 25p each

100

100

AE EXPORT SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

6. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

There has been no movement in shareholder's funds in the year or in the comparative year.

7. ULTIMATE PARENT COMPANY

The Company's immediate parent company is Fleetside Investments Limited and the ultimate UK parent company is T&N Limited. Both are 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.

8. COMPOSITE CROSS-GUARANTEE

The Company, its ultimate UK 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.