

**AE Export Services Limited**

Company Number 894128

Directors' Report for the Year Ended 31st December 1996

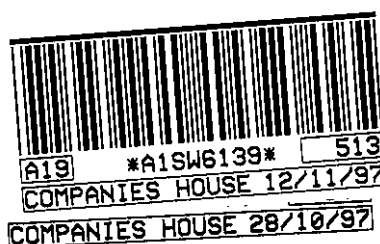
**Activities**

The principal activity of the Company, as agent for T&N plc, is the development and control of the strategic technology, market and financial objectives of the subsidiary companies of T&N plc 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:-

							Ordinary Shares			
							31.12.96		31.12.95	
A C Bigwood							-		-	
R A Chambers							-		-	
T Loxton-Vowles							-		-	
Dr B L Ruddy							-		-	
P D White							-		-	
							-		-	
		Number of options Granted      Exercised during year    during year				Exercise Price	Market price on date exercised	Date of Grant	Date from which exercisable	Expiry Date
		1.1.96		31.12.96						
R A Chambers	(1)	7,374	-	-	7,374	101.7	-	6.5.92	1.6.97	1.12.1997
	(1)	2,178	-	-	2,178	158.4	-	11.5.93	1.7.98	31.12.1998
	(1)	1,762	-	-	1,762	195.7	-	1.7.94	1.7.99	31.12.1999
	(1)	2,538	-	-	2,538	135.9	-	1.7.95	1.7.2000	31.12.2000
		13,852	-	-	13,852					
T Loxton-Vowles	(1)	14,749	-	-	14,749	101.7	-	6.5.92	1.6.97	1.12.1997
Dr B L Ruddy		8,927	-	-	8,927	184.5	-	18.4.89	18.4.92	17.4.1999
		10,760	-	-	10,760	171.9	-	8.4.91	11.4.94	10.4.2001
		15,685	-	-	15,685	111.4	-	19.3.92	19.3.95	18.3.2002
		12,548	-	-	12,548	172.1	-	15.4.93	15.4.96	14.4.2003
		10,166	-	-	10,166	226.2	-	12.4.94	12.4.97	11.4.2004
		25,416	-	-	25,416	207.5	-	6.10.94	6.10.97	5.10.2004
		10,000	-	-	10,000	159.0	-	10.5.95	10.5.98	9.5.2005
	-	5,000	-	5,000	134.5	-	2.10.96	2.10.99	1.10.2006	
		93,502	5,000	-	98,502					
P D White	(1)	1,477	-	-	1,477	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
		6,554	-	-	6,554					

(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.

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**Directors' Report for the Year Ended 31st December 1996** (continued)

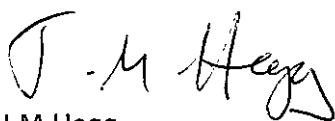
**Dividends**

There was no dividend declared in respect of the year ended 31st December 1996.

**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*



Miss J M Hogg

**Secretary**

24 October 1997

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.

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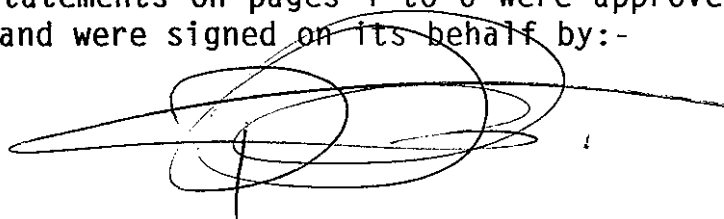
BALANCE SHEET

AS AT 31ST DECEMBER 1996

	Notes	1996 £	1995 £
<u>Fixed Assets</u>			
Investments	4	100	100
Net assets		<u>100</u>	<u>100</u>
<u>Capital and Reserves</u>			
Called up share capital	5	100	100
Shareholder's funds - equity	6	<u>100</u>	<u>100</u>

The Company was dormant throughout the financial year.

The financial statements on pages 4 to 6 were approved by the Board on 24 October 1997 and were signed on its behalf by:-



P D White - Director

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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 plc. 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 (1995: £nil).

4. INVESTMENTS

Loan to ultimate parent undertaking

	£
At 31st December 1996	100
At 31st December 1995	100

1996	1995
£	£

5. CALLED UP SHARE CAPITAL

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

100	100
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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 parent company is T&N plc. Both are registered in England and Wales. Copies of the T&N plc Annual Report and Accounts can be obtained from the Company Secretary at Bowdon House, Ashburton Road West, Trafford Park, Manchester, M17 1RA.

8. 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.