

Eurofriction Limited

Company Number 1131161

Directors' Report for the Year Ended 31st December 1996

**Activities**

The principal activity of the Company is the manufacture of friction materials as an agent for T&N plc and will continue to be so for the foreseeable future.

Directors

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

J G Anderson
J-P Laffaille, resigned 01/10/96
B M Lindsay, resigned 31/12/96
G Walker

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	
J G Anderson						-		-	
G Walker						2,500		1,936	
						2,500		1,936	

	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							
	1.1.96		31.12.96						
J G Anderson	11,158	-	-	11,158	201.6	-	19.9.89	19.9.92	19.9.1999
	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
	7,842	-	-	7,842	172.1	-	15.4.93	15.4.96	14.4.2003
	45,445	-	-	45,445					
G Walker	20,333	-	-	20,333	226.2	-	12.4.94	12.4.97	11.4.2004
	15,249	-	-	15,249	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
	45,582	5,000	-	50,582					

(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.

Mr J G Anderson resigned on 31st March 1997. Mr W R Walton and Mr J McCormack were appointed on 1st January 1997.

By Order of the Board

J M Hogg
Secretary

27 October 1997

EUROFRICTION 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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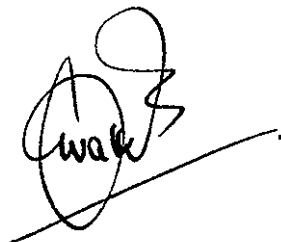
BALANCE SHEET

AS AT 31ST DECEMBER 1996

	Notes	1996 £000	1995 £000
<u>Creditors: due after more than one year</u>	4	(3)	(3)
Total liabilities		(3)	(3)
<u>Capital and Reserves</u>			
Called up share capital	5	10	10
Profit & loss account		(13)	(13)
Shareholder's funds - equity		(3)	(3)

The Company was dormant throughout the financial year.

The financial statements on pages 4 and 5 were approved by the Board on 27 October 1997 and were signed on its behalf by:-

A handwritten signature in black ink, appearing to be 'wak' or similar, with a large circular flourish above it and a long horizontal line extending to the right.

Director

EUROFRICTION 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.

2. PROFIT AND LOSS ACCOUNT

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

3. DIRECTORS

The directors have not received any remuneration for services to the Company during the year (1995: £nil).

4. CREDITORS: amounts due after more than one year

	1996 £000	1995 £000
Loan from parent undertaking	<u>3</u>	<u>3</u>

5. CALLED UP SHARE CAPITAL

Authorised, issued and fully paid 10,000 ordinary shares of £1 each	<u>10</u>	<u>10</u>
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6. ULTIMATE PARENT COMPANY

The Company's immediate and ultimate parent company is T&N plc which is 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.