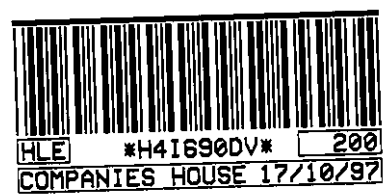


REGISTERED NUMBER : 00382264⁵

FREUDENBERG TECHNICAL PRODUCTS LIMITED

REPORT & FINANCIAL STATEMENTS

31 DECEMBER 1996



REPORT OF THE DIRECTORS

The Directors submit their annual report and the audited financial statements for the year ended 31 December 1996.

PRINCIPAL ACTIVITY

The principal activity of the company is that of general partner in a limited partnership.

REVIEW OF YEAR

The result of the company for the year is set out in detail on Page 3. A profit of £490 has been transferred to reserves. The directors recommend that no dividend be proposed (1995 £nil).

DIRECTORS

The Directors during the year were :-

A Brown - joined in the year

P Stehle

R W Schütz

J P Thomsen - resigned in the year

K Yumoto

J Sost

R Davies - resigned in the year

The Directors have no beneficial interest in the shares of the company.

AUDITORS

A resolution for the re-appointment of Deloitte & Touche as auditors of the Company is to be proposed at the forthcoming Annual General Meeting of Freudenberg Technical Products Limited.

BY ORDER OF THE BOARD


O Sawyer
Secretary

Date: 21/01/97

STATEMENT OF DIRECTORS' RESPONSIBILITIES**Year Ended 31 December 1996**

Company law requires the directors to prepare financial statements 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 and 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;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Directors
and signed on behalf of the Board



O Sawyer
Secretary

Date : 7/10/97

PROFIT & LOSS ACCOUNT - YEAR ENDED 31 DECEMBER 1996

	Notes	1996 £	1995 £
INCOME FROM FIXED ASSET INVESTMENT			
Share of Partnership profit	3	490	296
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR			
RETAINED & TRANSFERRED TO RESERVES	6	490	296
		====	====

All activities derive from continuing operations.

There are no recognised gains and losses other than the profit for the current financial year and the preceding financial year. Accordingly, no statement of total recognised gains and losses is given.

BALANCE SHEET

as at 31 December 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Investments	3	1429	939
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors	4	0	532
		<hr/>	<hr/>
NET CURRENT ASSETS		0	532
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1429	1471
		<hr/> <hr/>	<hr/> <hr/>
CAPITAL & RESERVES			
Called Up Share Capital	5	1670	1670
Capital Reserve		0	532
Profit & Loss Account	6	(241)	(731)
		<hr/>	<hr/>
TOTAL EQUITY SHAREHOLDERS' FUNDS		1429	1471
		<hr/> <hr/>	<hr/> <hr/>

The financial statements were approved by the Board of Directors on 7/10/97

Signed on behalf of the Board


 C Lloyd
 Director

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 1996**1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

- a] **Accounting Convention**
The financial statements are prepared under the historical cost convention.
- b] **Share of Partnership Profits and Losses**
The company incorporates its share of partnership profits and losses into its accounts. They are shown in the accounts as part of the company's investment in the partnership to the extent that a distribution has not been received.

2. EMPLOYEES & DIRECTORS

The Directors, who receive no remuneration, are the only employees of the company.

3. FIXED ASSET INVESTMENTS

Freudenberg Technical Products Limited Partnership

	£	£
Partnership Capital:	1996	1995
At 1 January 1996	1670	1670
Increase during the year	-	-
At 31 December 1996	1670	1670
Share of Partnership Results:		
At 1 January 1996	(731)	(1027)
Share of profit in the year	490	296
At 31 December 1996	(241)	(731)
Net Book Value:		
At 31 December 1996	1429	939
At 31 December 1995	939	643

The investment represents 0.01% of the capital of the Freudenberg Technical Products Limited Partnership.

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 1996

	1996 £	1995 £
4. <u>DEBTORS</u>		
Amount owed by Group Companies	0 =====	532 =====
5. <u>CALLED UP SHARE CAPITAL</u>		
Authorised :		
25,000 Ordinary shares of £0.20 each	5000 =====	5000 =====
Allotted and fully paid :		
8350 Ordinary shares of £0.20 each	1670 =====	1670 =====

6. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 Profit & Loss Account £	1996 Share Capital (Incl. Cap. Reserves) £	1996 Total S/holders' Funds £	1995 Total S/Holders' Funds £
At 1 January	(731)	2202	1471	1175
Profit for year	490	-	490	296
Share Capital Issued	-	-	-	-
Reduction in Capital Reserve	-	(532)	(532)	-
At 31 December	(241)	1670	1429	1471

7. ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent undertaking at 31 December 1996 was Freudenberg & Co., a German Partnership.

AUDITORS' REPORT TO THE MEMBERS OF FREUDENBERG TECHNICAL PRODUCTS LIMITED

We have audited the financial statements on pages 3 to 6 which have been prepared under the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, on those statements and to report our opinion to you.

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 accounts 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 mis-statement, 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 the company's affairs at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche
**Chartered Accountants &
Registered Auditors**

Date : 10 October 1997.

Deloitte & Touche
Gainsborough House
34-40 Grey Street
Newcastle upon Tyne
NE1 6AE