

Company Number  
179750

GKN HARDY SPICER LIMITED  
(Formerly Sheepbridge Alloy Castings Limited)

REPORT OF THE DIRECTORS

The Company has not traded during the year ended 31 December 2003 and there has been no income or expenditure.

On 17 October 2003 the company changed its name to GKN Hardy Spicer Limited.

The Directors of the Company are Mrs J.M. Felton, Mr R.A. Ogilvie Smals and Mr D.L. Rood. As required to be disclosed by the Companies Act 1985, the interests of the Directors in 50p ordinary shares of the parent company, GKN plc, were as set out below.

<u>Name</u>	<u>Type of security</u>	<u>Holdings including family interests at</u>		<u>Employees' Share Option Schemes</u>	
		<u>01.01.03</u>	<u>31.12.03</u>	<u>Options granted in 2003</u>	<u>Options exercised in 2003</u>
J M Felton	50p ordinary shares	42,314	46,878	24,532	4,564
R A Ogilvie Smals	50p ordinary shares	11,014	11,014	33,310	Nil
D L Rood	50p ordinary shares	21,178	21,178	20,576	Nil

Conditional and deferred rights to acquire GKN plc 50p ordinary shares held by Directors under the GKN long term incentive plans were as follows:

<u>Name</u>	<u>Awards held at 01.01.03</u>		<u>Awards held at 31.12.03</u>		<u>Conditional awards made in 2003</u>	<u>Converted to deferred awards in 2003</u>	<u>Deferred awards released in 2003</u>
	<u>Conditional</u>	<u>Deferred</u>	<u>Conditional</u>	<u>Deferred</u>			
J M Felton	24,200	Nil	36,950	Nil	15,050	Nil	Nil
R A Ogilvie Smals	40,850	Nil	58,600	Nil	23,850	Nil	Nil
D L Rood	25,750	Nil	36,950	Nil	15,050	Nil	Nil

As potential beneficiaries, the Directors are deemed to have an interest in the ordinary shares of GKN plc held from time to time by the discretionary trusts established to facilitate the operation of the GKN long term incentive plans and the GKN Executive Share Option Scheme 2001. At 31 December 2003 these trusts held 1,219,238 50p ordinary shares (2002 – 1,219,238 50p ordinary shares).

On behalf of the Board

*Judith Felton*

J.M. Felton  
Secretary  
30 September 2004

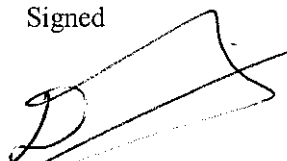


BALANCE SHEET at 31 December 2003 and 31 December 2002

LIABILITIES	£
Current Account with GKN (United Kingdom) plc	<u>(991,941)</u>
Represented by:	<u>(991,941)</u>
SHARE CAPITAL, AUTHORISED, ISSUED AND FULLY PAID	
500,000 Ordinary shares of £1 each	500,000
RESERVES	
Non-Distributable	17,310
Deficit on distributable reserves	<u>(1,509,251)</u>
	<u>(991,941)</u>

Under Section 249AA(1) of the Companies Act 1985 (the 'Act'), the Company was entitled to exemption from the provisions of Part VII of the Act relating to the audit of accounts in respect of the year ended 31 December 2003. No member or members have requested an audit pursuant to Section 249B(2) of the Act. The Directors acknowledge their responsibility for ensuring that the Company keeps accounting records which comply with Section 221 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year in accordance with the requirements of Section 226 of the Act and which otherwise comply with the requirements of the Act relating to accounts.

Signed



D.L. Rood  
Director

30 September 2004

GKN plc and GKN (United Kingdom) plc, which are registered in England, are the ultimate and immediate parent companies respectively.