

Company Number
382070

GKN VENTURES LIMITED

REPORT OF THE DIRECTORS

The Company has not traded during the year ended 31 December 2005 and there has been no income or expenditure.

The Directors of the Company are Mrs J.M. Felton, Mr R.A. Ogilvie Smals and Mr R.M. Allen. On 31 December 2005, Mr D.L. Rood retired as a Director of the Company and on 1 January 2006 Mr R.M. Allen was appointed a Director of the Company. As required to be disclosed by the Companies Act 1985, interests in shares and debentures of GKN plc and its subsidiaries of persons who were Directors of the Company on 31 December 2005 (including investment shares held under the GKN bonus co-investment plan – see footnote) were as set out below.

	<u>Type of security</u>	<u>Holdings including family interests at</u>		<u>Employees' Share Option Schemes</u>	
		<u>01.01.05</u>	<u>31.12.05</u>	<u>Options granted in 2005</u>	<u>Options exercised in 2005</u>
J M Felton	50p ordinary shares	49,499	52,623	13,577	Nil
R A Ogilvie Smals	50p ordinary shares	11,014	15,857	18,857	Nil
D L Rood	50p ordinary shares	21,178	14,538	13,577	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 01.01.05</u>		<u>Awards held at 31.12.05</u>		<u>Conditional awards made in 2005</u>	<u>Converted to deferred awards in 2005</u>	<u>Deferred awards released in 2005</u>
	<u>Conditional</u>	<u>Deferred</u>	<u>Conditional</u>	<u>Deferred</u>			
J M Felton	37,084	Nil	25,184	Nil	Nil	Nil	Nil
R A Ogilvie Smals	60,848	Nil	41,948	Nil	Nil	Nil	Nil
D L Rood	37,084	Nil	25,184	Nil	Nil	Nil	Nil

Interests in GKN plc 50p ordinary shares held by Directors through Company-matched shares under the GKN bonus co-investment plan were as follows:

<u>Name</u>	<u>Interests held at 1.1.05</u>		<u>Interests held at 31.12.05</u>	
	<u>Beneficial</u>	<u>Conditional</u>	<u>Beneficial</u>	<u>Conditional</u>
J M Felton	6,842	Nil	17,776	Nil
R A Ogilvie Smals	Nil	Nil	16,950	Nil
D L Rood	Nil	Nil	11,760	Nil

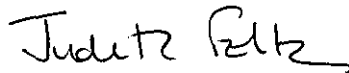
As potential beneficiaries, the Directors are deemed to have an interest in the 50p ordinary shares of GKN plc held from time to time by the discretionary trust established to facilitate the operation of the GKN long term incentive arrangements. At 31 December 2005 these trusts held 108,796 50p ordinary shares (2003 - 706,924 50p ordinary shares).

Note


Under the GKN bonus co-investment plan, participants can elect to invest up to 10% of their maximum gross bonus opportunity for the prior year in GKN plc 50p ordinary shares ('investment shares'). In 2004, GKN plc granted matching shares on a 2 for 1 basis (ie two matching shares for every one investment share purchased) which will be released to the participant after three years provided that the participant continues to hold the investment shares and remains an employee of the GKN Group during that period. In 2005, the matching element was increased to 3.5 for 1 subject to the same conditions, but with an additional condition applying to a 1 for 1 proportion of the match, which will only be released to the participant after three years provided a Group OPIC performance condition is achieved. Certain participants have a beneficial interest in their matching shares during the three-year forfeiture period. Other participants have a conditional right to matching shares.

The GKN long term incentive plans are described in the accounts of GKN plc, the Company's ultimate parent company.

On behalf of the Board



J.M. Felton
Secretary
19 October 2006



BALANCE SHEET at 31 December 2005 and 31 December 2004

ASSETS

Debtors – Current account with GKN (United Kingdom) plc 1,715,562

LIABILITIES

Creditors – Current account with GKN (United Kingdom) plc (4,325,417)
(2,609,855)

Represented by:

SHARE CAPITAL

Ordinary Shares of £1 each (Note 1) 1,385,327

RESERVES

Deficit on Distributable Reserves (3,995,182)
(2,609,855)

Notes

1) <u>Share Capital</u>	Authorised	Issued Called up & Fully Paid
	£	£
2,000,000 Ordinary Shares of £1 each	2,000,000	1,385,327

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 2005. 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



R.M. Allen
Director
19 October 2006

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