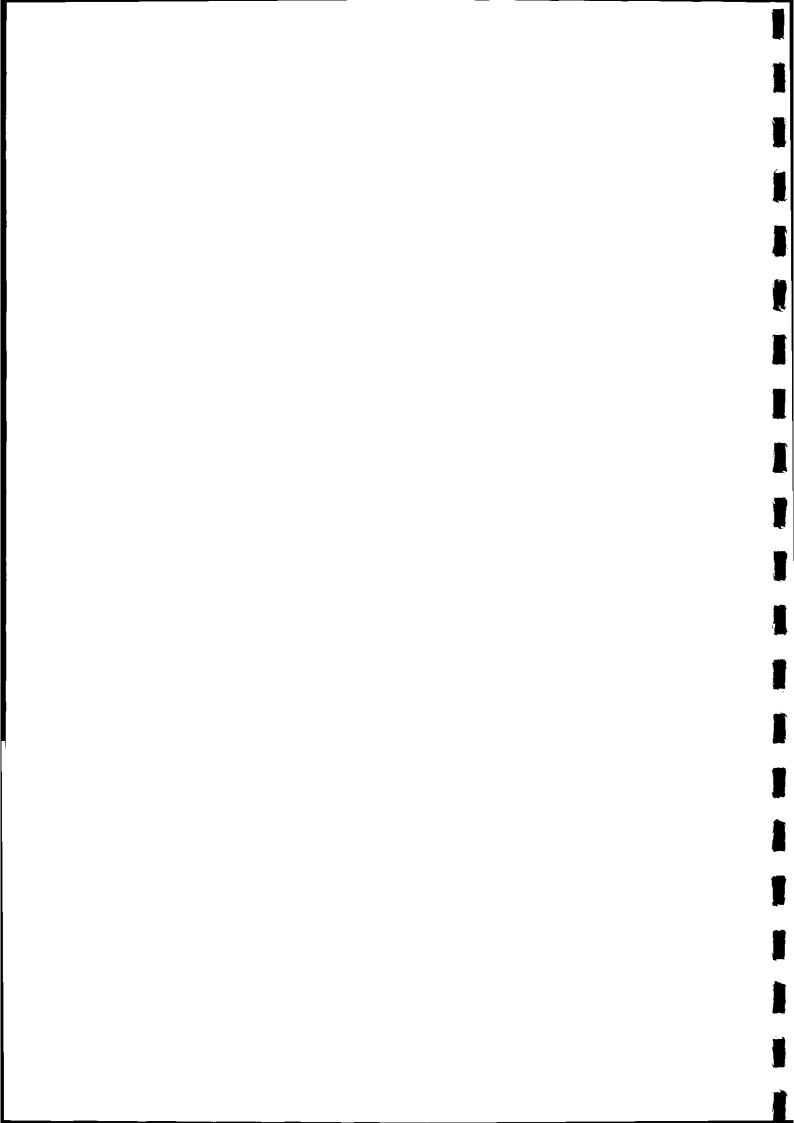
Sarnatech BNL Limited

Directors' report and financial statements Registered number 2668025 31 December 2004

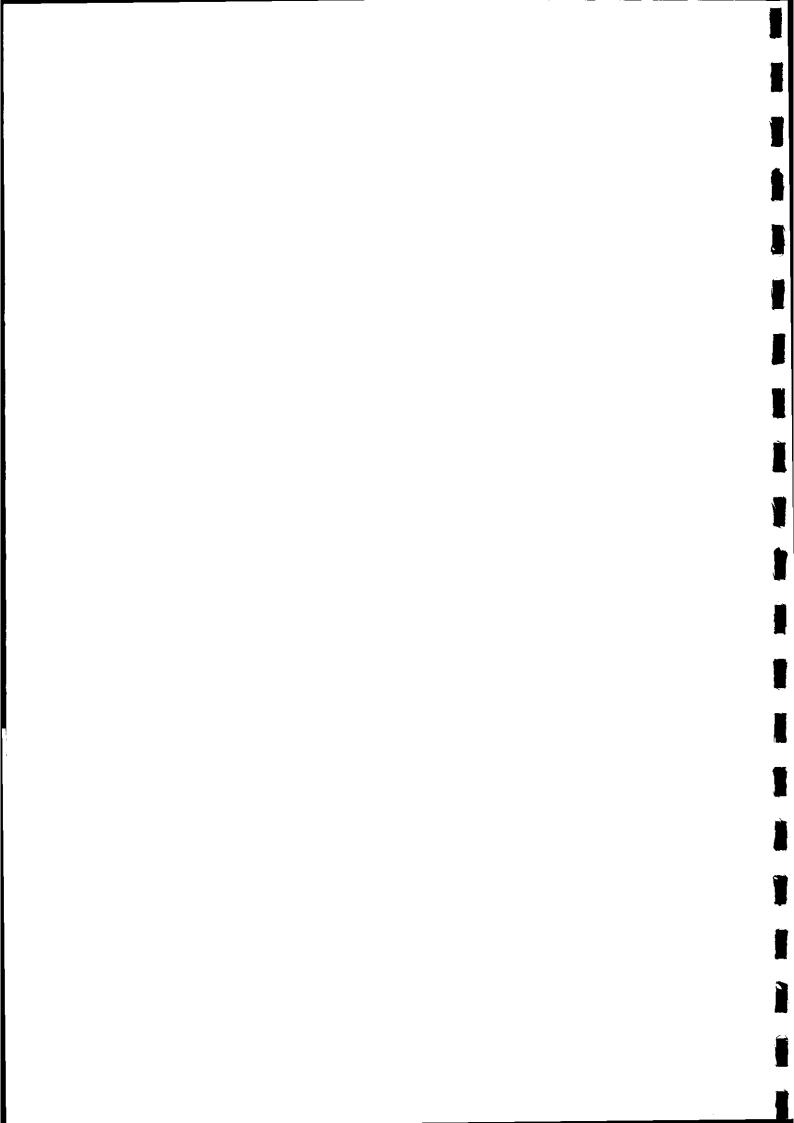




Sarnatech BNL Limited Directors' report and financial statements 31 December 2004

Contents

Directors' report	1
Statement of directors' responsibilities	2
Report of the independent auditors to the members of Sarnatech BNL Limited	3
Profit and loss account	4
Balance sheet	5
Notes	6



Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

Results and dividends

The loss for the year amounted to £259,809 (2003: £124,769). The directors do not recommend the payment of a dividend (2003: £nil).

Principal activity and review of the business

The principal activity of the company ("BNL") is the design, moulding and manufacture of plastic bearings and associated assemblies. Operating in a global marketplace, BNL supplies a variety of blue-chip OEMs worldwide, both direct and via its subsidiary companies.

Further strategic measures taken to revitalise BNL and its subsidiaries have seen continuing positive results. A more focussed approach to account management and the generation of new business leads has again resulted in the addition of a number of new high value accounts.

For 2004 the BNL Group saw a further increase in turnover, particularly in the USA and Far East. This trend has continued into 2005 with the first quarter resulting in a significant upturn in sales worldwide.

Directors and their interests

The directors who held office during the year were as follows:

Dr NK Partlett

M Paasila D Chapple

(resigned 19 January 2005)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

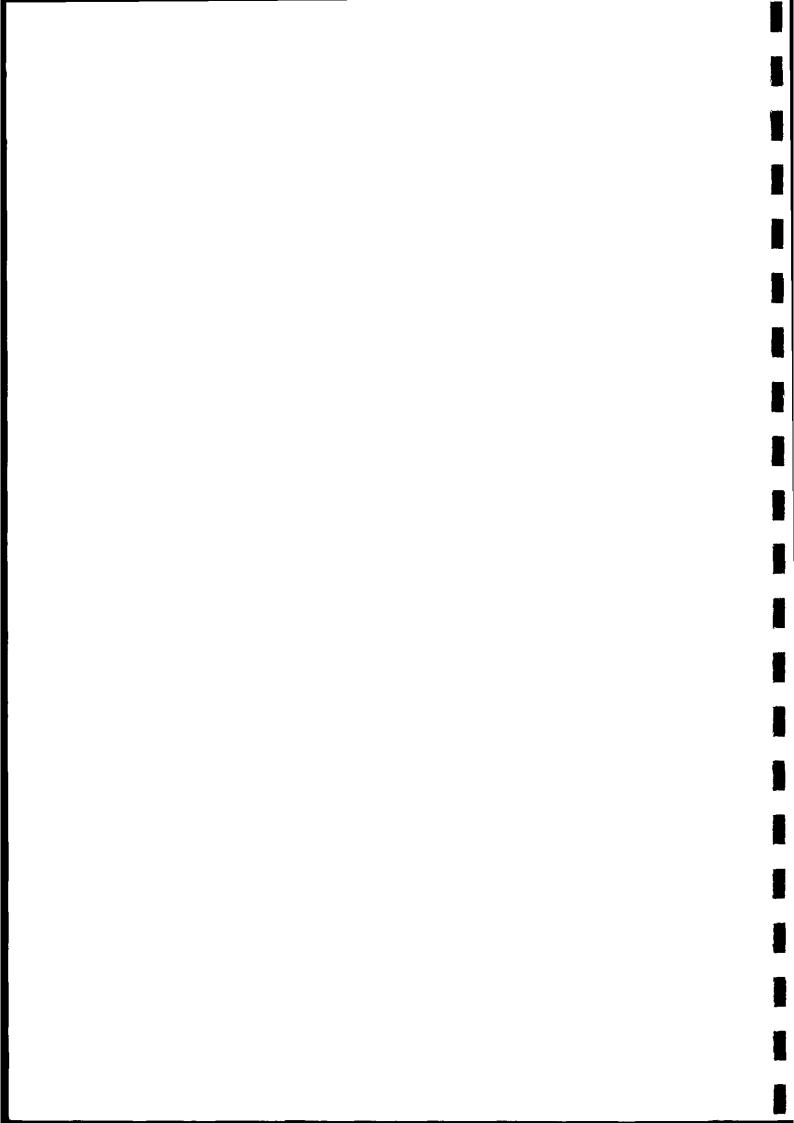
Political and charitable contributions

The company made no political or charitable contributions in the year (2003: £nil).

By order of the board

ME Daly Secretary Manse Lane Knaresborough North Yorkshire HG5 8LF

12 April 2005

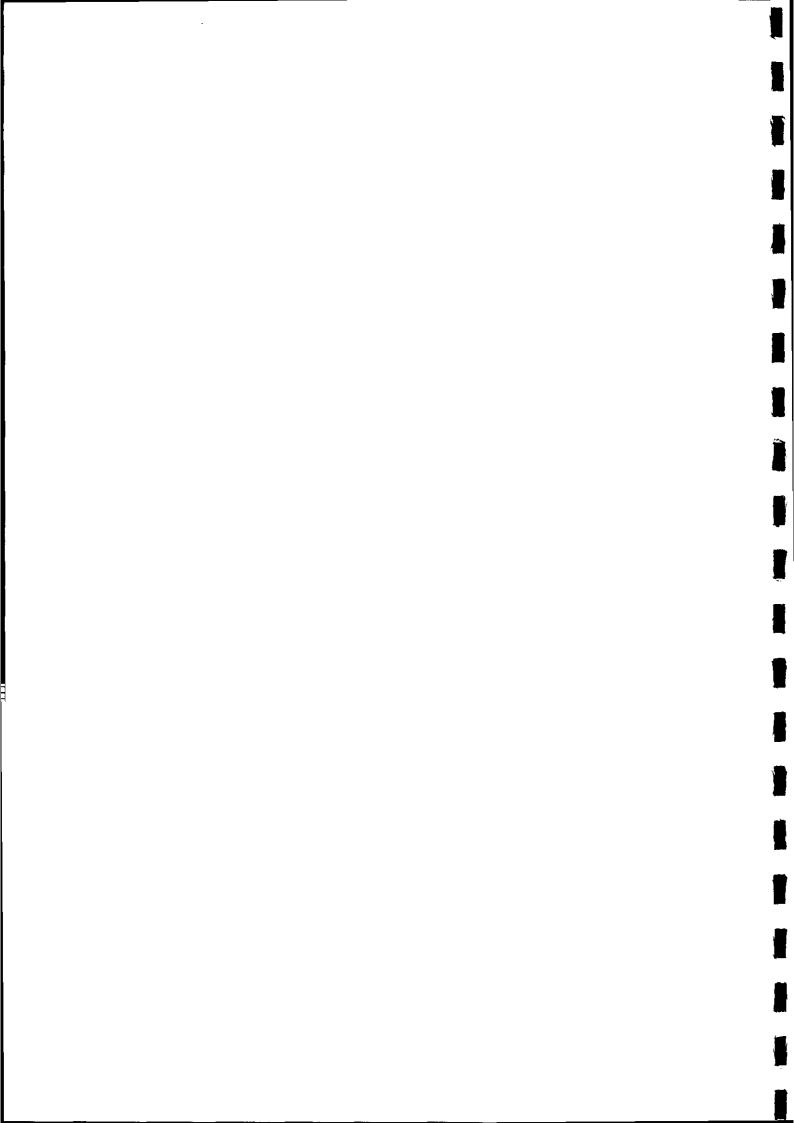


Statement of directors' responsibilities

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 and of the profit or loss 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, subject to any material departures disclosed and explained in the financial statements; and
- prepare the accounts 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.





KPMG LLP

1 The Embankment Neville Street Leeds LS1 4DW United Kingdom

Report of the independent auditors to the members of Sarnatech BNL Limited

We have audited the financial statements on pages 4 to 15.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you, if in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding the directors' remuneration and transactions with the company is not disclosed.

Basis of audit 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 amounts 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 misstatement, 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 as at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

Chartered Accountants Registered Auditor 19/4/5

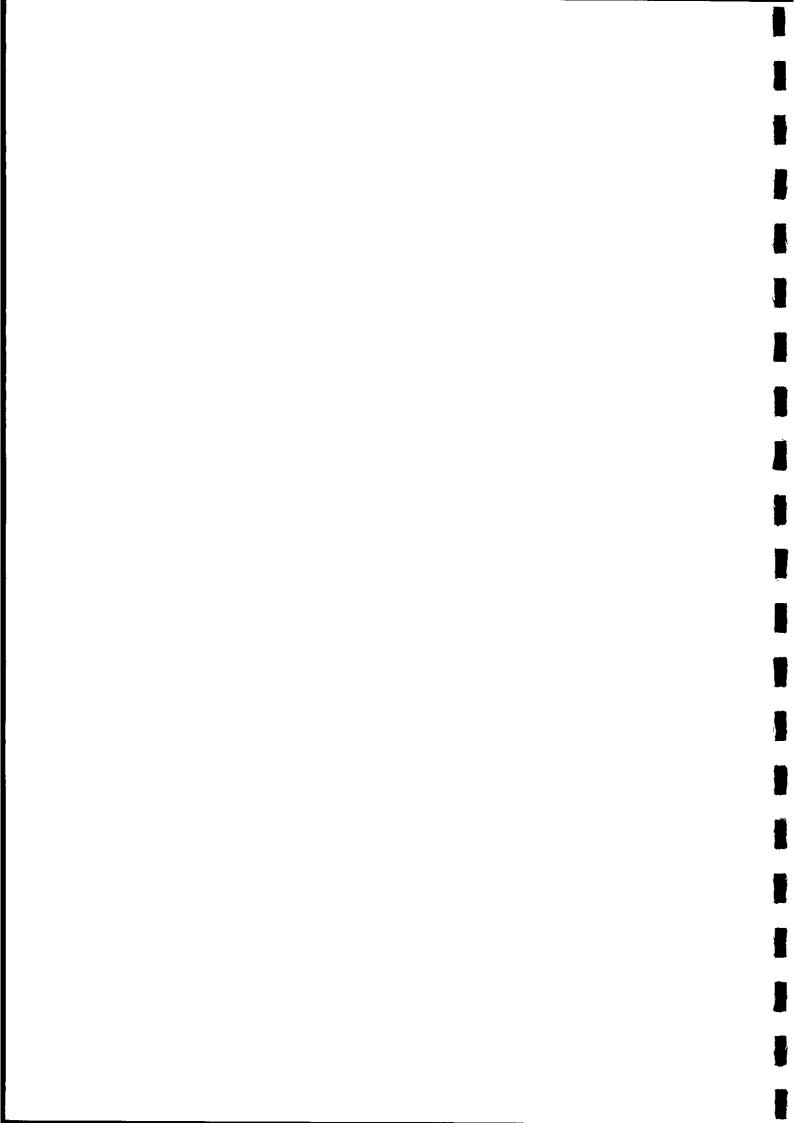
Profit and loss account

for the year ended 31 December 2004

	Note	2004 £	2003 £
Turnover Cost of sales	2	6,395,383 (4,647,754)	6,480,707 (4,803,730)
Gross profit Distribution costs Administrative expenses		1,747,629 (1,051,147) (808,292)	1676,977 (864,544) (760,400)
Operating (loss)/profit Bank interest receivable Interest payable and similar charges	6	(111,810) 12,626 (270,230)	52,033 (221,338)
Loss on ordinary activities before taxation Tax on loss on ordinary activities	3 7	(369,414) 109,605	(169,305) 44,536
Retained loss for the financial year	14	(259,809)	(124,769)

There are no recognised gains or losses other than the retained loss for the year.

The historical cost losses are the same as the losses shown above.



Balance sheet at 31 December 2004

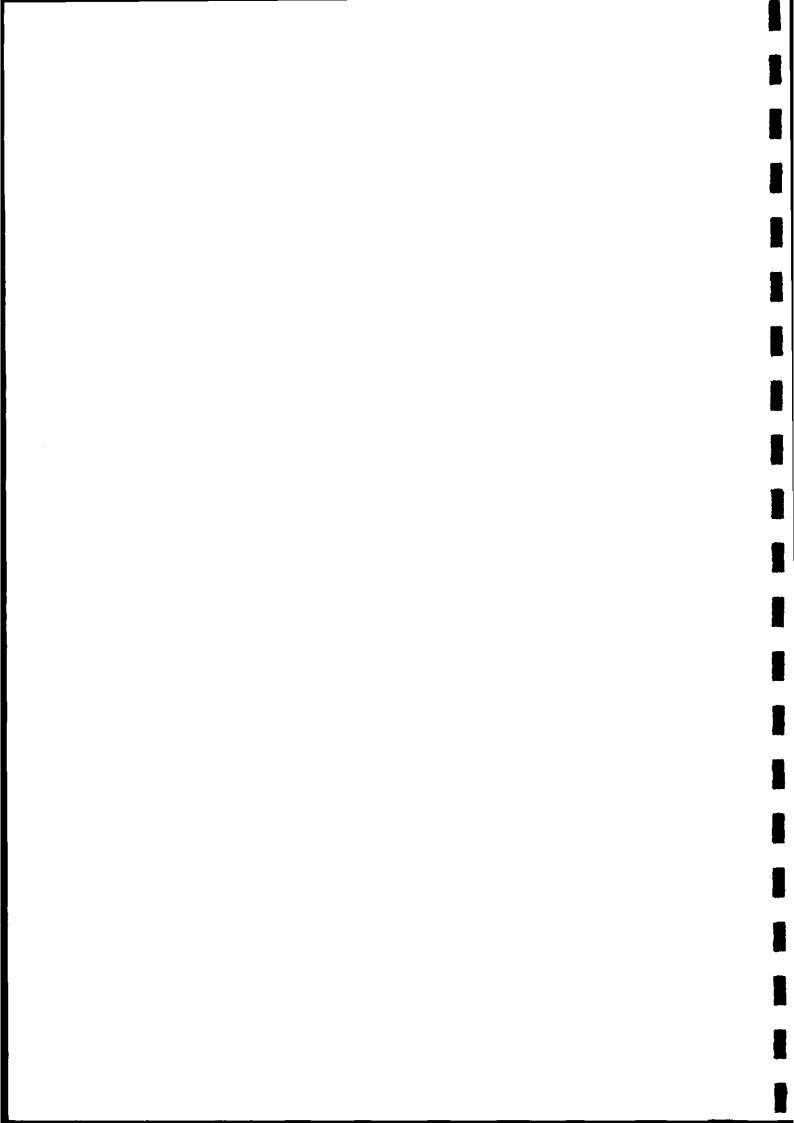
	Note	2004 £	2003 £
Fixed assets			
Tangible assets Investments	8	2,391,380	2,474,244
investments	y	62,158	62,158
		2,453,538	2,536,402
Current assets			
Stocks	10	725,332	754,525
Debtors	11	2,050,538	1,842,190
Cash at bank and in hand		1,037,815	308,181
		3,813,685	2,904,896
Creditors: amounts falling due within one year	12	(6,004,440)	(4,918,706)
Net current liabilities		(2,190,775)	(2,013,810)
Net assets		262,783	522,592
Capital and reserves			
Called up share capital	13	1,621,000	1,621,000
Share premium account	14	39,000	39,000
Capital redemption reserve	14	1,000	1,000
Profit and loss account	14	(1,398,217)	(1,138,408)
Shareholders' funds		262,783	522,592
Analysis of shareholders' funds			
Equity		(1,260,217)	(1,000,408)
Non-equity	13	1,523,000	1,523,000
		262,783	522,592

These financial statements were approved by the board of directors on 12 April 2005 and were signed on its behalf by:

Dr NK Partlett

N K Partlett

Director



Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with appropriate accounting standards and under the historical cost accounting rules.

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £2,190,775 (2003: £2,013,810), a loss for the year of £259,809 (2003: £124,769) and accumulated losses of £1,398,217 (2003: £1,138,408), which the directors believe to be appropriate for the following reasons. The company meets its day to day working capital requirements through both a bank loan and overdraft facility as well as inter company funding from its immediate parent undertaking Sarna Kunststoff Holding AG. The company is therefore reliant on its immediate parent undertaking, which has indicated that it will continue to make available such funds as are needed by the company and in particular it will not seek repayment of the amounts currently made available.

On this basis the directors have no reason to believe that Sarna Kunstsoff Holding AG will not continue to make funds available to the company, which would allow it to meet its liabilities as they fall due for payment.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Cash flow statement

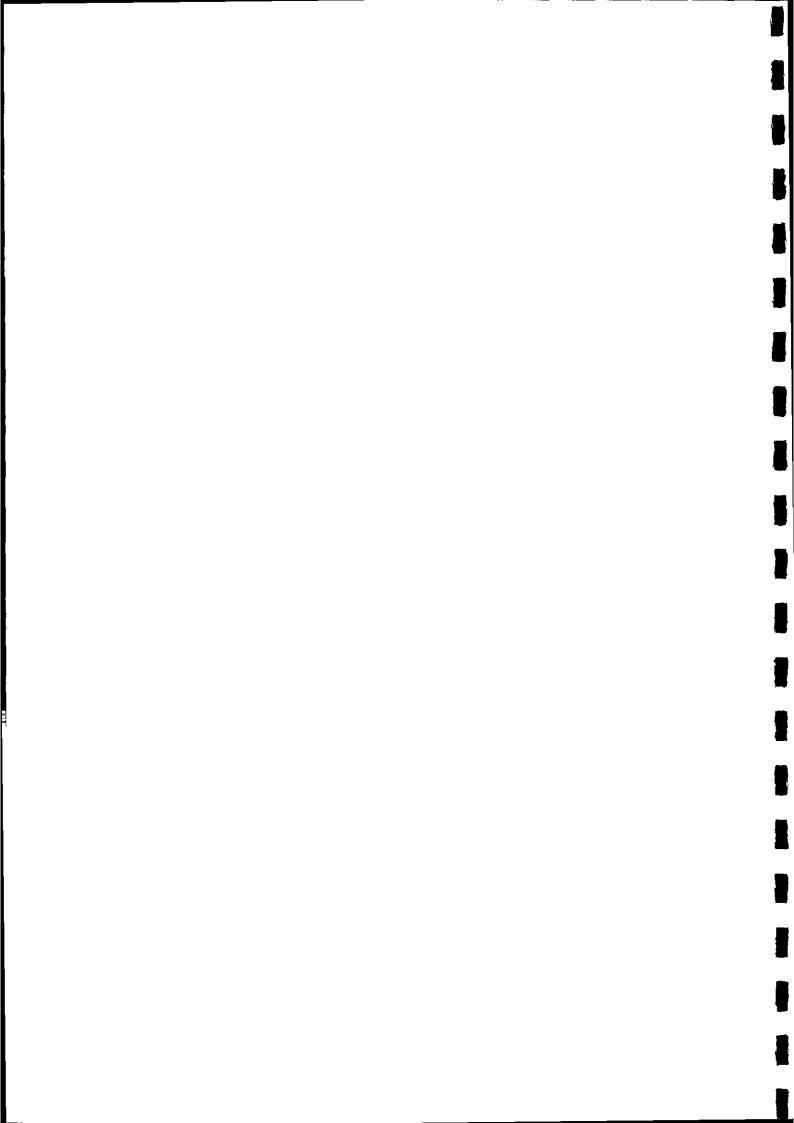
The company has taken advantage of the exemption in Financial Reporting Standard 1 (Revised 1996) Cash Flow Statements, not to prepare a cash flow statement as the consolidated accounts of the parent undertaking, Sarna Kunststoff Holding AG, are publicly available.

Group accounts

The accounts present information about the company as an individual entity and not about its group. The company is exempt from preparing group accounts under Section 248 of the Companies Act 1985 because it is a parent undertaking of a medium sized group.

Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 8 from disclosing transactions with related parties that are part of the Sarna Kunststoff Holding AG Group. The consolidated financial statements of Sarna Kunststoff Holding AG, within which this company is included, can be obtained from Industriestrasse, CH 6060 Sarnen, Switzerland.



1 Accounting policies (continued)

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	3%
Fixtures & fittings	10-20%
Plant and machinery	
- moulding tools	20%
- general	20%
Motor Vehicles	25%

Expenditure on moulding tools is capitalised net of contributions received from customers. Where the cost is less than £1,000 the expenditure is written off directly to the profit and loss account.

Stock

Stock is stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value as follows:

•	Raw materials and goods for resale	-	Purchase cost on a first-in, first-out basis
•	Work in progress and finished goods	-	Cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Research and development

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

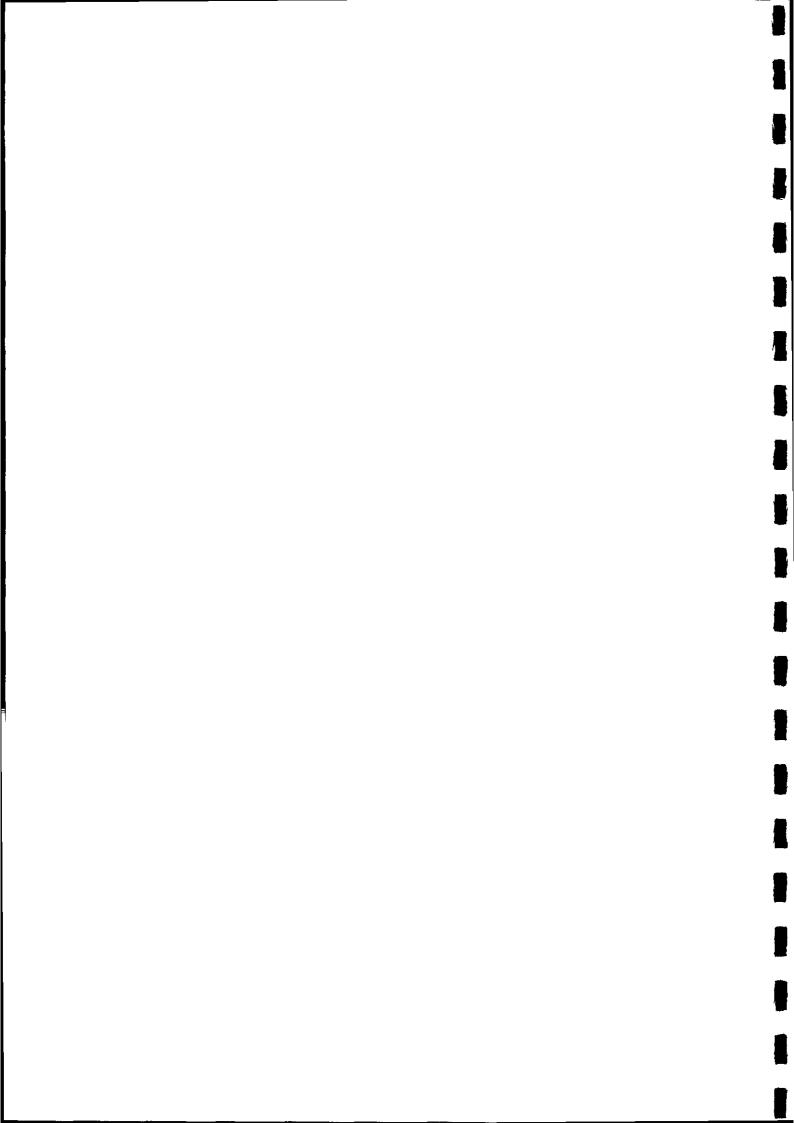
Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Leases

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.



1 Accounting policies (continued)

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

2 Analysis of turnover

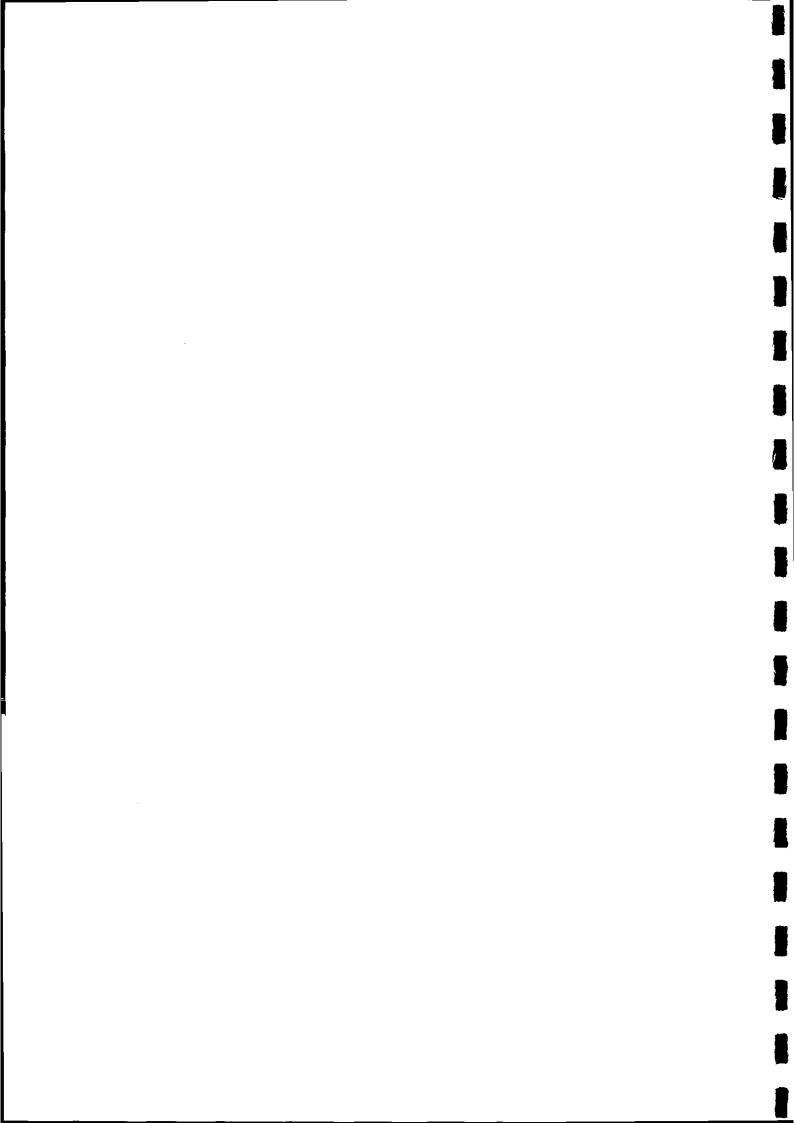
An analysis of turnover by geographical market is given below:

	2004 £	2003 £
United Kingdom Overseas	1,975,818 4,419,565	1,967,592 4,513,115
	6,395,383	6,480,707

3 Loss on ordinary activities before taxation

This is stated after charging:

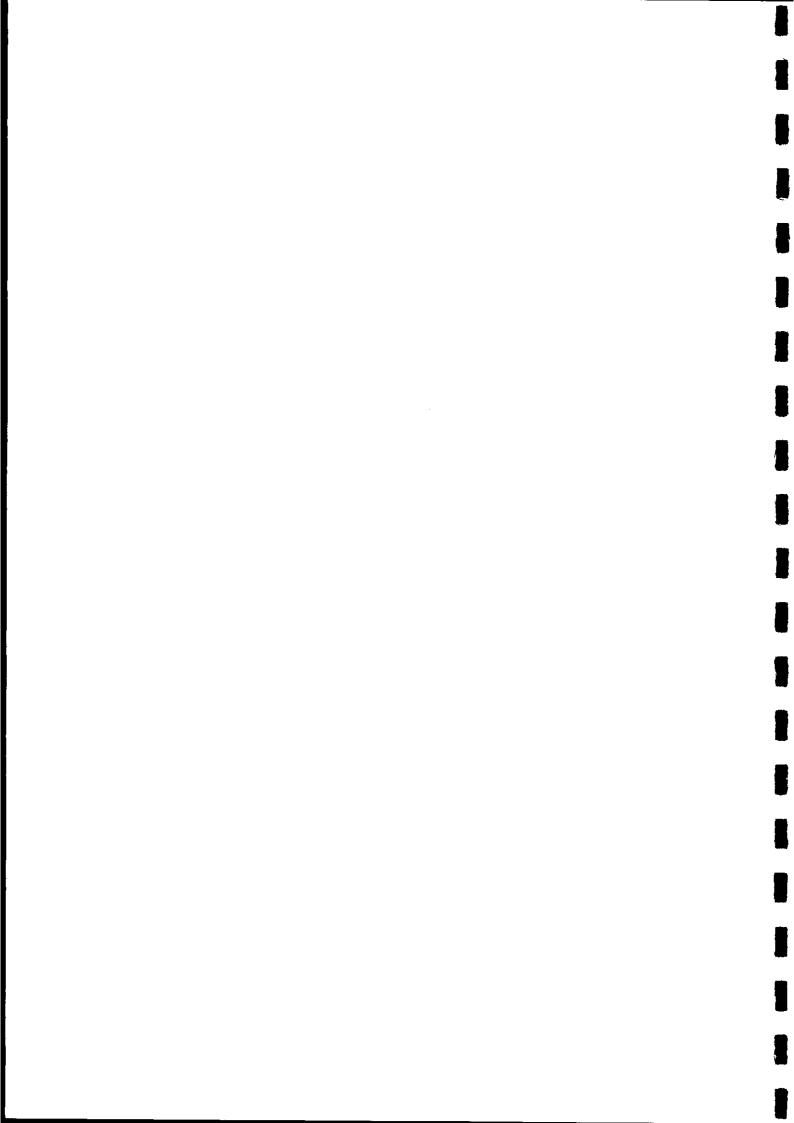
	2004	2003
	£	£
Auditors' remuneration - audit services	18,000	18,250
- other services	6,200	8,500
Depreciation of owned fixed assets	548,917	642,182
Hire of plant and machinery - rentals payable under operating leases	48,438	82,909
Exceptional costs - closure of Sarnatech BNL (Iberica) SL	•	76,379
- settlement of legal claim	-	11,568



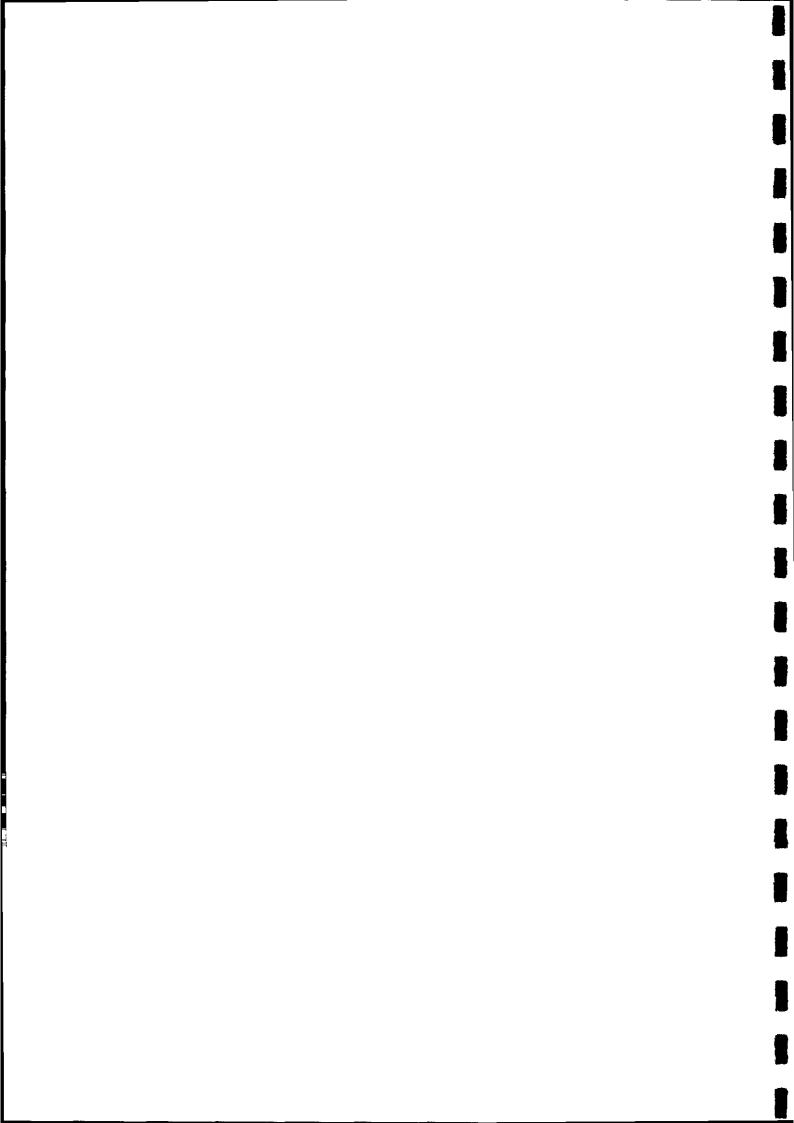
5

4 Remuneration of directors

Remuneration of directors		
	2004 £	2003 £
Directors' emoluments	122,614	116,044
Company contributions to money purchase pension schemes	13,392	11,780
	136,006	127,824
	Number of dir	ectors
	2004	2003
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	1	1
Staff costs	2004 £	2003 £
Wages and salaries Social security costs Other pension costs	2,559,566 252,928 105,402	2,369,784 240,046 103,739
	2,917,896	2,713,569
The average weekly number of employees during the year wa	as as follows:	
	2004 No	2003 No
Production	70	74
Administration Sales and distribution	9 25	10 23
	104	107



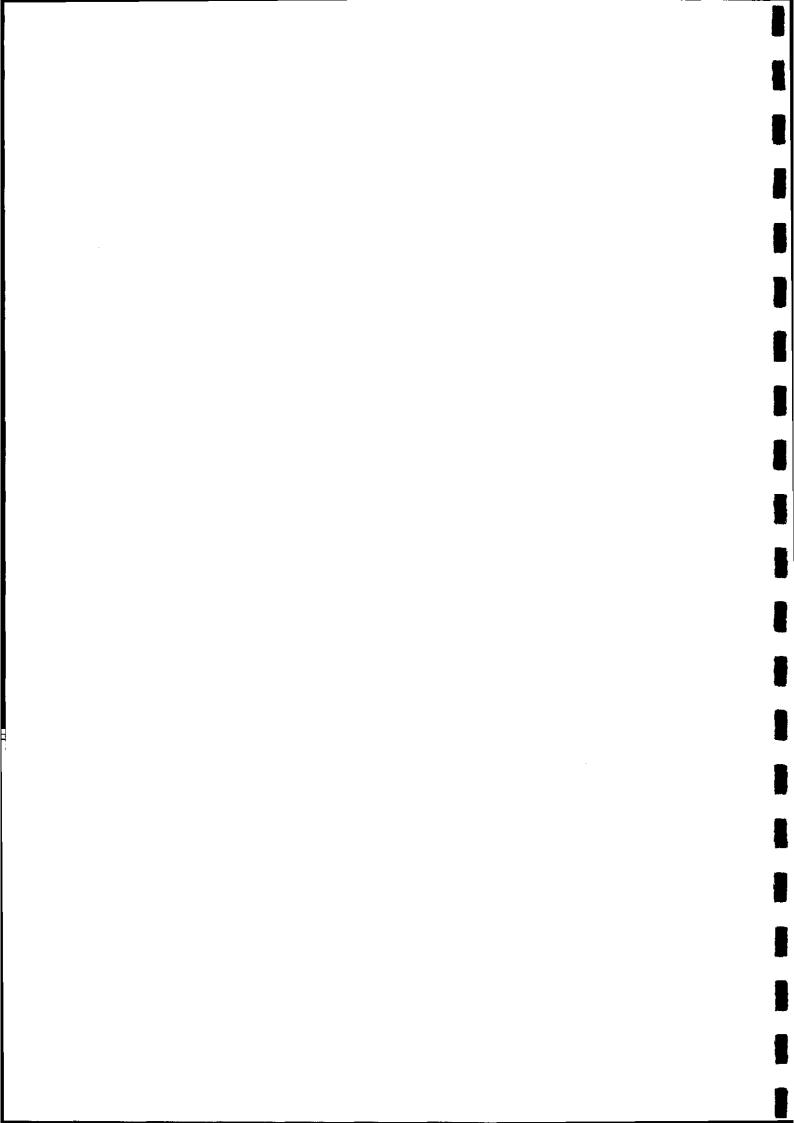
6	Interest payable and similar charges		
		2004 £	2003 £
	Bank loans and overdrafts	270,230	219,783
	Finance charges payable under finance leases and hire purchase contracts	-	1,555
		270,230	221,338
7	Tax credit on loss on ordinary activities		
	Analysis of tax credit in period		
	•	2004 £	2003 £
	UK corporation tax	(10/ (20)	(42.004)
	Current tax on income for the period Adjustments in respect of prior periods	(106,629) (24,146)	(43,904) (2,345)
		(130,775)	(46,249)
	Deferred tax		2.019
	Origination/reversal of timing differences Adjustment in respect of previous years	6,468 14,702	2,018 (305)
		21,170	1,713
	Tax credit on loss on ordinary activities	(109,605)	(44,536)
	Factors affecting the tax credit for the current period		
	The current tax credit for the period is higher (2003: lower) than t	he standard rate of corporati	ion tax in the
	UK 30%, (2003: 30%). The differences are explained below.	2004 £	2003 £
	Current tax reconciliation Loss on ordinary activities before tax	(369,414)	(169,305)
	Current tax at 30% (2003: 30%)	(110,824)	(50,792)
	Effects of: Expenses not deductible for tax purposes	10,663	8,906
	Capital allowances for period in excess of depreciation	(2,764)	7,132
	Short term timing differences Utilisation of tax losses	84 (3,788)	(9,150)
	Adjustments to tax charge in respect of previous periods	(24,146)	(2,345)
	Total current tax credit	(130,775)	(46,249)



7 Tax credit on loss on ordinary activities (continued)

7	Tax credit on loss on ordinary activities (continued)			
	The elements of deferred taxation are as follows:		2004 £	2003 £
	Difference between accumulated depreciation and amortis allowances Other timing differences Tax losses	sation and capital	5,264 (82) (428)	16,416 -
	Deferred tax (liability)/asset		(4,754)	16,416
8	Tangible fixed assets			
	Fre	eehold land and buildings £	Plant and machinery £	Total £
	Cost At beginning of year Additions	1,595,394	4,856,122 466,053	6,451,516 466,053
	At end of year	1,595,394	5,322,175	6,917,569
	Depreciation At beginning of year Charge for the year	416,001 42,364	3,561,271 506,553	3,977,272 548,917
	At end of year	458,365	4,067,824	4,526,189
	Net book value At 31 December 2004	1,137,029	1,254,351	2,391,380
	At 31 December 2003	1,179,393	1,294,851	2,474,244

The net book value of plant and machinery above includes an amount of £nil (2003: £nil) in respect of assets held under finance leases and hire purchase contracts.



9 Investments

£

Cost				
At beginning	and	end	of	year

62,158

Sarnatech BNL Limited's subsidiary undertakings at 31 December 2004 were as follows:

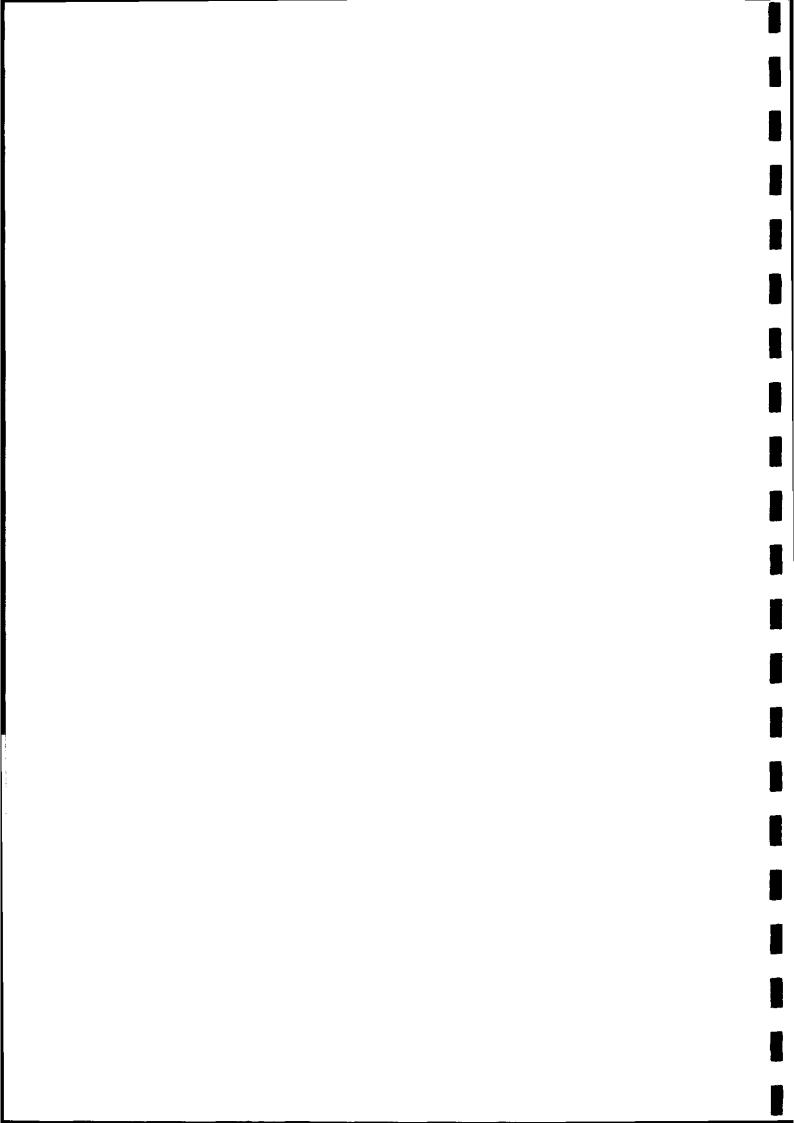
	Percentage ownership	Country of incorporation	Principal activity
Sarnatech BNL (USA) Inc	100%	USA	Marketing thermoplastic bearing assemblies
Sarnatech Japan Inc.	100%	Japan	Marketing thermoplastic bearing assemblies
Sarnatech BNL (France) SARL	100%	France	Non Trading

Sarnatech BNL's investment in Sarnatech Japan Inc. is carried at a cost of £56,655, also included within debtors is an intercompany receivable of £817,760. The subsidiary was incorporated in 2001. The subsidiary made a loss of £56,512 in the year ended 31 December 2004 (2003: £257,648) and had net current liabilities of £630,901 (2003: £553,910) and net liabilities of £626,119 (2003: £535,076) at that date.

No provision for diminution in value of these balances has been raised at 31 December 2004 because in the directors opinion the results to date only reflect the start up phase of the subsidiary. In the directors opinion the carrying values of these assets are supported by the future economic benefits the company expects to receive from the subsidiary as it moves out of its start up phase.

10 Stocks

	2004 £	2003 £
Raw materials and consumables	197,210	229,601
Work in progress	183,196	163,810
Finished goods and goods for resale	344,926	361,114
	725,332	754,525



11 Debtors

		2004	2003
		£	£
	Trade debtors	999,042	846,955
	Amounts owed by group undertakings	961,119	832,434
	Other debtors	45,508	114,525
	Prepayments and accrued income	44,869	48,276
		2,050,538	1,842,190
		2 ,030,336	=====
12	Creditors: amounts falling due within one year	2004	2003
		£	£
	Bank loans and overdrafts	1,279,404	2,147,327
	Trade creditors	352,892	315,979
	Amounts owed to group undertakings	4,101,623	2,260,896
	Other taxes and social security costs	85,144	74,049
	Accruals and deferred income	185,377	120,455
		6,004,440	4,918,706
			

13 Share capital

	Authorised		Allotted, called up and fully paid	
	2004 No	2003 No	2004 £	2003 £
Redeemable preference shares of £1 each	1,523,000	1,523,000	1,523,000	1,523,000
Ordinary shares of £1 each	100,000	100,000	98,000	98,000
	1,623,000	1,623,000	1,621,000	1,621,000

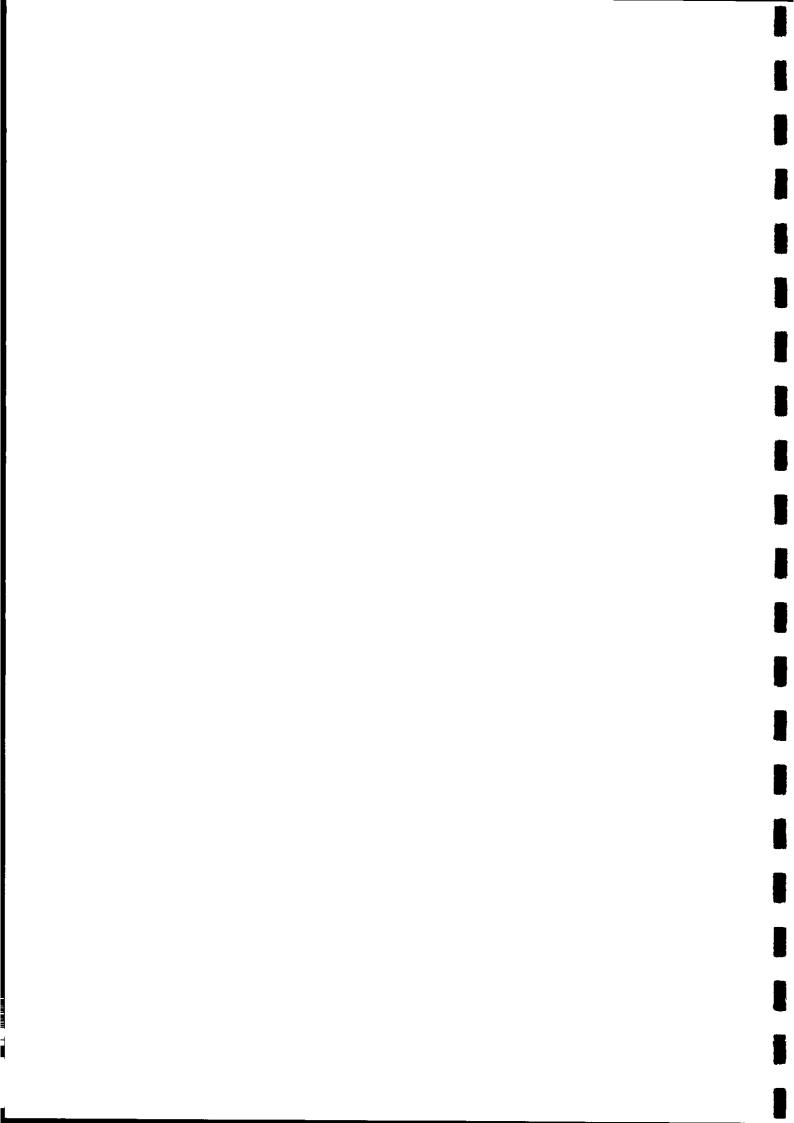
The redeemable preference shares can be redeemed at par by the company on giving notice to the holders of the shares in accordance with the company's articles of association. On a winding up the holders of the redeemable preference shares have priority over the other shareholders to receive an amount equal to the subscription price paid per share. The holders have no voting rights. The profits of the company which are available for distribution shall be applied firstly in paying dividends to the holders of the redeemable preference shares unless they agree to pay dividends to the ordinary shareholders.

14 Reconciliation of shareholders' funds and movements on reserves

	Share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total
	£	£	£	£	£
At beginning of year Loss for the year	1,621,000	39,000	1,000	(1,138,408) (259,809)	522,592 (259,809)
At end of year	1,621,000	39,000	1,000	(1,398,217)	262,783

15 Pension commitments

The company operates defined contribution pension schemes. The assets of these schemes are held separately from those of the company in independently administered funds. The pension charge represents contributions payable by the company to the funds and amounted to £105,402 (2003: £103,739).



16 Commitments

At 31 December 2004 the company has annual commitments under non-cancellable operating leases as set out below:

	2004 £	2003 £
Operating leases which expire: within one year within two to five years	37,761 51,793	34,871 23,236
	89,554	58,107

17 Ultimate parent company

The ultimate parent company of the group of undertakings for which group accounts are drawn up and of which the company is a member is Sarna Kunststoff Holding AG. Copies of Sarna Kunststoff Holding AG's accounts can be obtained from Industriestrasse, CH 6060 Sarnen, Switzerland.

