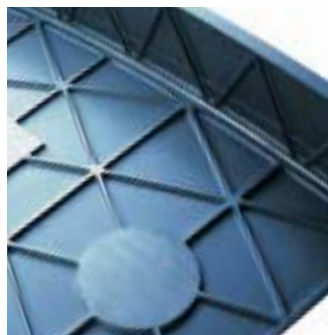


ANNUAL REPORT 2003

WORLD-CLASS TECHNOLOGY FROM A TRULY GLOBAL COMPANY



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Front cover images from GKN's four major businesses.

Left to right:

Detail of a constant velocity jointed sideshaft produced by GKN Driveline.

Section of a light alloy jet engine casing produced by GKN Aerospace Services.

Components produced by GKN Sinter Metals.

Sensor systems on a Lynx helicopter produced by AgustaWestland.

Technology and engineering from GKN is at the heart of the vehicles and aircraft from the world's leading automotive and aerospace manufacturers.

48,000 people work in GKN companies and joint ventures in more than 30 countries.

Every day we harness our considerable technology and manufacturing resources to supply the highest quality systems, structures, components and services.

When we fulfil the trust our customers place in us we can enrich our shareholders, reward our people and support our communities.

And because we respect the environment and the dignity and human rights of others we are building a business which can be sustained by future generations.

Everyone involved with a great company should expect nothing less. But those with a stake in the performance of GKN should expect more.

21st century global leadership in our four major businesses, when our history spans more than 240 years, speaks for standards of adaptability, innovation and excellence which are difficult to surpass.

Expect more from GKN.

In 2003 GKN achieved sales of £4.6 billion and profit* of £246 million.

*Profit before tax, goodwill amortisation and impairment and exceptional items

Automotive

GKN is one of very few truly global suppliers of automotive components and systems. More than 50 GKN engineering and manufacturing facilities in Japan, Asia Pacific, India, South Africa, Europe and the Americas support all of the world's leading manufacturers of cars, light trucks and off-highway vehicles.

GKN Driveline is the world's No. 1 supplier of constant velocity jointed sesh shafts (CVJs). This business has achieved substantial growth in recent years and will continue to take advantage of growth in emerging markets and higher CVJ content on four wheel drive and all wheel drive vehicles. These account for approximately 25% of all the light vehicles produced in North America.

A further area of growth is driveline-related torque systems products. GKN Driveline has moved decisively to build on its knowledge and product base by further developing its presence within the market for advanced torque management devices and systems which enhance vehicles' traction, stability and safety.

GKN is the No. 1 supplier of powder metal parts and is the No. 1 producer of metal powder in the US. GKN's capability in the technology and production of powder metal parts and their raw material is unique among major companies.

GKN is a major European and North American supplier of components and systems for agricultural and off-highway equipment. It is also a leading supplier of automotive structural presswork and cylinder liners for automotive, industrial and marine applications. Emitec, a 50:50 joint venture with Siemens of Germany, is the world leader in metallic substrates for catalytic converters.



< Metal powder

GKN is a world leader in Powder Metallurgy. Metal powder, produced by GKN company Hoeganaes in the US and in Europe, is the raw material used by GKN Sinter Metals to create a wide range of components primarily for automotive customers.



Power Take Off (PTO) shaft

GKN OffHighway Systems is the world leader in the engineering and manufacture of PTOs which use power from an agricultural vehicle such as a tractor to power ancillary equipment.



Electronic Torque Manager

GKN Driveline's most advanced product which uses software, electronics and electro-mechanical devices to manage torque flow proactively within a vehicle's driveline system.



Powder metal components

Components produced by GKN Sinter Metals can be up to 30% cheaper than components produced by conventional casting or forging. Improvements in density and surface finishing will continue to expand the global market for these components.



Super LSD

Torque sensing device – one of the products which are part of GKN's development of a torque systems business.



CVJ

GKN has a 42% global market share for CVJ sesh shafts – components fitted to 85% of light vehicles.



Aerospace

GKN has a significant presence in the world of aerospace. Approximately 80% of its overall aerospace revenues are derived from the defence sector and this focus on defence is a significant strength, particularly at a time when there is a downturn in civil aerospace but growth in military aerospace.

Today, GKN operates as an international first tier supplier through GKN Aerospace and as a helicopter prime contractor through AgustaWestland.

GKN Aerospace, which has engineering and manufacturing operations in Australia, Germany, the UK, US and Mexico, is the world's No. 1 independent supplier of advanced composite structures. It is also a leading international supplier of high-performance alloy structures. Its customers include prime contractors such as Airbus, Boeing and Lockheed Martin and jet engine manufacturers such as Rolls-Royce and Pratt & Whitney.

GKN supplies structures for US military aircraft such as the F/A-18E/F Super Hornet, F/A-22 Raptor, C-17 Globemaster 111 and F-35 JSF. Within the civil sector GKN is a supplier on all Airbus programmes including the A318/319/320 and 321 single aisle family, the A340 500/600 long-range aircraft and the A380.

AgustaWestland, a 50:50 joint venture with Finmeccanica of Italy, has one of the broadest and most balanced military and civil product portfolios in the industry. It is a 32% partner in the European NH90 helicopter programme and has teamed with Lockheed Martin and Bell to address a number of major US military programmes for medium-lift helicopters.

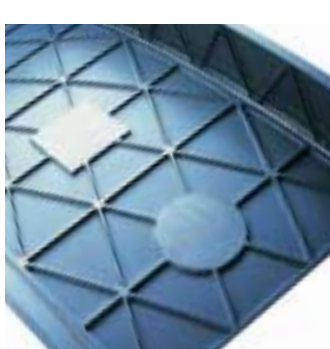
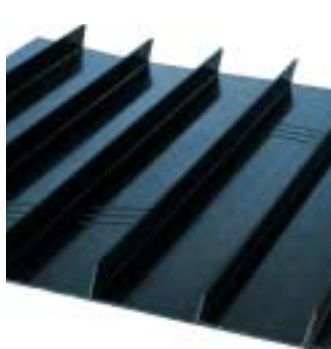
Composite structure
Manufactured from uni-directional carbon fibre tape, this blade-stiffened, integrally moulded structure is used on the flap skin of the Airbus A340 long-range aircraft.



< Helicopters
The Lynx helicopter produced by AgustaWestland is one of the world's most successful maritime rotorcraft with more than 400 in service worldwide. Pictured is the radar and opto-electronic sensor system on a Royal Navy Mk8 Lynx.

The EH101 medium-lift helicopter is the flagship of AgustaWestland and the most modern aircraft of its type. Pictured here is a detail of the tail rotor assembly on the EH101.

The Lynx and EH101 exemplify AgustaWestland's capability as a prime contractor and systems integrator.



Jet engine casing
GKN Aerospace Services is a world leader in the use of chemical milling. This is a section of an integrally stiffened titanium engine casing. Chemical milling provides lower weight and cost compared to traditional fabrication methods.

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< Aluminium component
High-speed machining, centred at GKN Aerospace's St Louis plant in the US, is capable of high repeatability production of complex components in a range of materials at competitive cost. Pictured here is a section of a structural component for the F/A-22 fighter.

A320 acoustic panel
GKN Aerospace possesses a unique capability to produce complex-shaped panels based on welded titanium and alloy steel honeycomb. One of the primary uses of these panels is to suppress jet engine noise levels. **>**

