

# 2005

## Annual Report

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## Bonal International, Inc. and Subsidiary

Bonal International, Inc. (traded on the OTC under the symbol "BONL"), through its wholly-owned subsidiary Bonal Technologies, is the world's leading provider of sub-harmonic vibratory metal stress relief technology and manufacturer of Meta-Lax stress relieving, Black Magic Distortion Control and Pulse Puddle Arc Welding equipment. Headquartered in Royal Oak, Michigan, Bonal also provides a complete variety of consulting, training, program design and metal stress relief services to several industries including: automotive, aerospace, shipbuilding, machine tool, plastic molding and die casting, to mention a few. Bonal's patented products and services are sold throughout the U.S. and in over 49 foreign countries.

### FINANCIAL HIGHLIGHTS

	2005	2004	2003
Total Revenues	\$1,511,431	\$977,569	\$981,584
Net Earnings (Loss)	239,787	(67,900)	(36,629)
Total Assets	861,553	552,124	580,320
Working Capital	616,901	384,765	421,943
Capital Expenditures	48,079	11,511	3,406
Long-Term Debt	29,959	21,705	0
Earnings (Loss) Per Share	.14	(.04)	(.02)
Shareholder's Equity	623,462	383,675	451,575

#### QUARTERLY FINANCIAL INFORMATION (unaudited)

#### Fiscal 2005 Quarters Ended

	JUNE 30	SEPT 30	DEC 31	MAR 31, 2005
Total Revenues	\$316,700	\$360,059	\$447,741	\$386,931
Gross Profit	234,217	282,173	340,496	274,688
Net Earnings	35,146	70,241	98,199	36,201

#### Fiscal 2004 Quarters Ended

	JUNE 30	SEPT 30	DEC 31	MAR 31, 2004
Total Revenues	\$284,703	\$192,223	\$170,280	\$330,363
Gross Profit	207,552	107,246	113,672	203,200
Net Earnings (Loss)	7,022	(55,297)	(50,387)	30,760

#### Sales Breakdown for Fiscal Year 2005

**Equipment Sales**  
\$1,274,424

**Rental Income**  
\$187,276

**Contract Services**  
\$49,731

**March 31, 2005**

Dear Shareholders,

For more than 20 years, Bonal Technologies Inc. has been the world's leading provider of sub-harmonic vibration technology for metal improvement solutions. We are proud to have helped countless companies in many diverse metalworking industries be more competitive by saving them time and money using our metal stress relief process and equipment.

### **2005 Record Profits and Key Accomplishments**

Quality technology, service-oriented employees and responsive 2-5 day delivery of products in the United States strengthened our business momentum in 2005. The projected increase in the US economy and lower USD rates increased our sales in both the domestic and overseas markets. US units sales were up 60.7 percent and foreign unit sales were up 37.5 percent. More than 67 percent of our unit sales came from units sold in the United States and foreign unit sales accounted for nearly 33 percent. Over 80 percent of all units sold were done so by our in house sales staff. Sales to repeat customers accounted for 30 percent of all units sold. We had sales in 43 states and 14 foreign countries and added customers in Romania and Hungary to our international customer base in fiscal year 2005.

In the year ended March 31, 2005, Bonal International, Inc. posted a strong set of results, with net sales up by 55 percent to \$1,511,431 and before tax net income at a strong \$305,787 (which is 20.3 percent of net sales) or \$0.18 per share compared to a loss of \$67,900 or (\$0.04) per share last year. In terms of dollars and percentage profit, this is our best year. As a result of our healthy profit, stockholder equity is up 62.5 percent, the highest ever at \$623,462 or \$0.37 per share. Retained earnings are positive at \$9,010. Assets were up 56 percent to \$861,553 or \$0.50 per share. Working capital is up 60.5 percent.

In addition to our increased sales and income, Bonal enjoyed a big productivity gain in 2005, with gross profit at \$1,131,574 or 74.9 percent of sales, compared to 64.6 percent last year. Net income after tax is \$239,787 or \$0.14 per share compared to a loss of \$67,900 or (\$0.04) per share last year.

This year, we're proud that our products have been used in national defense applications for the US Army and the Department of Homeland Security. Bonal has also seen strong repeat sales coming from companies such as Sandia National Laboratory, General Motors and Siemens Westinghouse.

Companies using our patented technology and its three product lines: Meta-Lax® Stress Relief, Pulse Puddle Arc Welding® (PPAW®) and Black Magic® are reducing energy consumption by up to 98 percent, compared with natural-gas-fired heat treatments, and reduce processing time up to 98 percent less for the stress relief process.

We continued to market our products to the aerospace, armament, die casting, engine building, machine tool, mining, petroleum, plastic molding, racing, ship building, automotive and welding industries.

We also participated in five trade shows and hired a new salesperson to expand the in-house sales force to enhance the marketing of Bonal's products.

### **2006 Key Initiatives**

It is vital that we continue to increase our presence in the global marketplace and the internet marketplace to continue building the reputation of the Bonal name and products. We will invest some of our 2005 profits to expand the marketing department and to create and implement a public relations and marketing program to maximize sales lead generation.

By better leveraging our presence at trade shows and in trade publications, we expect to attract an increase of potential customers to purchase Bonal's products. We also plan to drive more traffic to the Bonal web sites to prompt potential customers to request additional information about our technology.

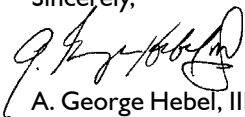
We are also investing in technology for the future. New computers with upgraded software will be purchased in FY 2006 to help our employees meet the needs of our customers and lower Bonal's response time.

### **Continuing Forward**

With your support we will continue to provide quality products to our customers worldwide. Our goal is to continue to forge stronger customer relationships that exceed their expectations. We are poised to continue the growth of Bonal in 2006.

I wish to thank all of our stakeholders for your continued support.

Sincerely,



A. George Hebel, III  
Chairman, C.E.O.



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## Independent Auditor's Report

To the Board of Directors  
Bonal International, Inc. and Subsidiary

We have audited the accompanying consolidated balance sheet of Bonal International, Inc. and Subsidiary as of March 31, 2005 and 2004 and the related consolidated statements of operations, stockholders' equity, and cash flows for each year in the three-year period ended March 31, 2005. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bonal International, Inc. and Subsidiary at March 31, 2005 and 2004 and the consolidated results of its operations and its cash flows for each year in the three-year period ended March 31, 2005, in conformity with accounting principles generally accepted in the United States of America.

*Plante & Moran, PLLC*

May 16, 2005

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# Bonal International, Inc. and Subsidiary

## Consolidated Balance Sheet

<b>Assets</b>	<b>March 31</b>	
	<b>2005</b>	<b>2004</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 391,343	\$ 109,484
Accounts receivable (Note 1)	79,624	114,870
Inventory	309,466	263,838
Prepaid expenses and other current assets:		
Prepaid expenses	13,101	12,623
Deferred tax recovery	11,000	16,000
Other current assets	<u>20,499</u>	<u>14,694</u>
Total current assets	825,033	531,509
<b>Property and Equipment</b> (Note 3)	36,519	20,614
<b>Intangible Assets</b>	<u>1</u>	<u>1</u>
Total assets	<u><b>\$ 861,553</b></u>	<u><b>\$ 552,124</b></u>

## Liabilities and Stockholders' Equity

<b>Current Liabilities</b>	<b>March 31</b>	
	<b>2005</b>	<b>2004</b>
Accounts payable	\$ 25,797	\$ 36,733
Line of credit (Note 4)	32,000	51,000
Current portion of notes payable (Note 5)	3,718	-
Accrued and other current liabilities:		
Taxes payable	62,500	-
Accrued compensation	48,977	22,896
Customer deposits and advances	14,314	10,095
Other accrued liabilities	<u>20,826</u>	<u>26,020</u>
Total current liabilities	208,132	146,744
<b>Notes Payable</b> (Note 5)	9,040	-
<b>Other Long-term Liabilities</b> - Deferred rent incentive (Note 7)	20,919	21,705
<b>Stockholders' Equity</b> (Note 2)	<u>623,462</u>	<u>383,675</u>
Total liabilities and stockholders' equity	<u><b>\$ 861,553</b></u>	<u><b>\$ 552,124</b></u>

See Notes to Consolidated Financial Statements.

# Bonal International, Inc. and Subsidiary

## Consolidated Statement of Operations

	<u>Year Ended March 31</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Net Sales</b>	\$ 1,511,431	\$ 977,569	\$ 981,584
<b>Cost of Sales</b>	<u>379,857</u>	<u>345,897</u>	<u>352,952</u>
<b>Gross Profit</b>	1,131,574	631,672	628,632
<b>General and Administrative Expenses</b>	<u>816,216</u>	<u>685,002</u>	<u>671,072</u>
<b>Operating Income (Loss)</b>	<u>315,358</u>	<u>(53,330)</u>	<u>(42,440)</u>
<b>Nonoperating Income (Expense)</b>			
Interest income	457	132	518
Gain (loss) on sales of equipment	-	(7,988)	5,929
Interest expense	(3,034)	(3,144)	(4,016)
Other income (expense)	<u>(6,994)</u>	<u>(3,570)</u>	<u>380</u>
Total nonoperating income (expense)	<u>(9,571)</u>	<u>(14,570)</u>	<u>2,811</u>
<b>Income (Loss) - Before income taxes</b>	305,787	(67,900)	(39,629)
<b>Income Tax Expense (Benefit) (Note 6)</b>	<u>66,000</u>	<u>-</u>	<u>(3,000)</u>
<b>Net Income (Loss)</b>	<u><u>\$ 239,787</u></u>	<u><u>\$ (67,900)</u></u>	<u><u>\$ (36,629)</u></u>
<b>Per Share Data - Net Income (loss)</b>	\$ 0.14	\$ (0.04)	\$ (0.02)
<b>Weighted Average Number of Shares Used in per Share Computation</b>	1,674,922	1,674,922	1,674,922

See Notes to Consolidated Financial Statements.

	Class A Common <u>Stock</u>	Class B Common <u>Stock</u>	Additional Paid-in <u>Capital</u>	Retained Earnings Accumulated <u>Deficit</u>	<u>Total</u>
<b>Balance - April 1, 2002</b>	\$ 8,280	\$ 190	\$ 605,982	\$ (126,248)	\$ 488,204
Net loss	-	-	-	(36,629)	(36,629)
<b>Balance - March 31, 2003</b>	8,280	190	605,982	(162,877)	451,575
Net loss	-	-	-	(67,900)	(67,900)
<b>Balance - March 31, 2004</b>	8,280	190	605,982	(230,777)	383,675
Net income	-	-	-	239,787	239,787
<b>Balance - March 31, 2005</b>	<b>\$ 8,280</b>	<b>\$ 190</b>	<b>\$605,982</b>	<b>\$ 9,010</b>	<b>\$ 623,462</b>

See Notes to Consolidated Financial Statements.

# Bonal International, Inc. and Subsidiary

## Consolidated Statement of Cash Flows

	<u>Year Ended March 31</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Cash Flows From Operating Activities</b>			
Net income (loss)	\$ 239,787	\$ (67,900)	\$ (36,629)
Adjustments to reconcile net income (loss) to net cash from operating activities:			
Depreciation and amortization	32,174	12,540	21,152
(Gain) loss on sale of property and equipment	-	7,988	(5,929)
Bad debt expense	-	5,070	7,985
Deferred rent incentive	-	21,705	-
Amortization of deferred rent incentives	786	-	-
Deferred income taxes	5,000	-	(3,000)
Net changes in:			
Accounts receivable	35,246	(19,180)	78,950
Inventory	(45,628)	53,789	16,748
Prepaid expenses and other	(6,283)	727	(6,090)
Accounts payable	(10,936)	14,545	(33,216)
Accrued liabilities and other	86,034	7,454	12,931
Net cash provided by operating activities	336,180	36,738	52,902
<b>Cash Flows from Investing Activities</b>			
Purchase of property and equipment	(48,079)	(11,511)	(3,406)
Proceeds from disposition of property and equipment	-	-	16,200
Net cash provided by (used in) investing activities	(48,079)	(11,511)	12,794
<b>Cash Flows from Financing Activities</b>			
Proceeds from debt	12,758	-	-
Payment on long-term debt	-	-	(19,607)
Payment on line of credit - Net	(19,000)	(4,000)	(10,000)
Net cash used in financing activities	(6,242)	(4,000)	(29,607)
<b>Net Increase in Cash and Cash Equivalents</b>	281,859	21,227	36,089
<b>Cash and Cash Equivalents - Beginning of year</b>	109,484	88,257	52,168
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 391,343</u>	<u>\$ 109,484</u>	<u>\$ 88,257</u>
<b>Supplemental Information</b>			
Cash paid for interest	<u>\$ 3,034</u>	<u>\$ 3,144</u>	<u>\$ 3,498</u>

### Note I - Nature of Business and Significant Accounting Policies

The accompanying consolidated financial statements include the accounts of Bonal International, Inc. and its wholly owned subsidiary, Bonal Technologies, Inc. (collectively, the "Company"). All material intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements. Bonal Technologies, Inc. performs design, development, manufacturing, and marketing of metal stress-relieving equipment internationally. Bonal International, Inc. is the holding company for its wholly owned subsidiary Bonal Technologies, Inc.

**Cash and Cash Equivalents** - The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Trade Accounts Receivable** - The Company values its accounts receivable at invoice amounts. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. Management assesses the collectibility of the accounts receivable balance and estimates the portion, if any, of the balance that will not be collected. Uncollectible amounts are written off in the period that such determination is made. The allowance for doubtful accounts as of March 31, 2005 and 2004 was \$4,800.

**Inventories** - Inventories consist primarily of work in process and are stated at the lower of cost, determined on the first-in, first-out (FIFO) method, or market.

**Property and Equipment** - Property and equipment are stated at cost. Depreciation and amortization are computed over the estimated useful lives of the assets, using accelerated methods for financial purposes.

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Income Taxes** - A current tax liability or asset is recognized for the estimated taxes payable or refundable on tax returns for the year. Deferred tax liabilities or assets are recognized for the estimated future tax effects of temporary differences between financial reporting and tax accounting.

**Earnings per Common Share** - Earnings per common share are based on the weighted average number of common shares outstanding during the year. The weighted average number of shares outstanding was 1,674,922 for each of the years ended March 31, 2005, 2004, and 2003. Earnings per common share for the years ended March 31, 2005, 2004, and 2003 were \$.14 (\$.04), and (\$.02), respectively.

### Note 1 - Nature of Business and Significant Accounting Policies (Continued)

**Reclassification** - Certain 2004 and 2003 amounts have been reclassified to conform to the 2005 presentation.

### Note 2 - Stockholders' Equity

The Company's stockholders' equity at March 31, 2005 and 2004 consists of the following:

	<u>2005</u>	<u>2004</u>
Class A common voting stock - \$.005 par value:		
Authorized - 5,000,000 shares		
Issued and outstanding - 1,655,922 shares	\$ 8,280	\$ 8,280
Class B common nonvoting - \$.01 par value:		
Authorized - 5,000,000 shares		
Issued and outstanding - 19,000 shares	190	190
Preferred stock - \$.01 par value:		
Authorized - 200,000 shares		
Issued and outstanding - None	-	-
Additional paid-in capital	605,982	605,982
Retained earnings (accumulated deficit)	<u>9,010</u>	<u>(230,777)</u>
 Total	 <u>\$ 623,462</u>	 <u>\$ 383,675</u>

### Note 3 - Property and Equipment

Major classes of property and equipment are as follows:

	<u>2005</u>	<u>2004</u>
Machinery and equipment	\$ 48,093	\$ 30,445
Displays	16,097	16,097
Automobiles	25,675	25,737
Office furniture and equipment	278,645	274,880
Leasehold improvements	<u>5,367</u>	<u>4,377</u>
 Total cost	 373,877	 351,536
Accumulated depreciation	<u>(337,358)</u>	<u>(330,922)</u>
Net property and equipment	<u>\$ 36,519</u>	<u>\$ 20,614</u>

Depreciation expense was \$32,174, \$12,540, and \$21,152 for the years ended March 31, 2005, 2004, and 2003, respectively.

# Bonal International, Inc. and Subsidiary

## Notes to Consolidated Financial Statements March 31, 2005 and 2004

### Note 4 - Line of Credit

The Company had a \$75,000 line of credit with a bank bearing interest at 1.5 percent above the prime rate, collateralized by accounts receivable, inventory, and machinery and equipment. During fiscal 2005, this line of credit converted into a demand note with required monthly principal payments of \$2,000 plus interest at 8.75 percent.

### Note 5 - Note Payable

Note Payable at March 31, 2005 and 2004 is as follows:

	<u>2005</u>	<u>2004</u>
Term note payable in monthly installments of \$374 including interest at 6.75 percent, through May 5, 2008. The note is collateralized by the underlying transportation equipment.	\$ 12,758	\$ -
Less current portion	<u>3,718</u>	<u>-</u>
Long-term portion	<u>\$ 9,040</u>	<u>\$ -</u>

Maturity of note payable is as follows:

2006	\$ 3,718
2007	4,050
2008	4,253
2009	<u>737</u>
Total	<u>\$ 12,758</u>

### Note 6 - Income Taxes

The provision for income taxes consists of the following:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Current expense	\$ 61,000	\$ -	\$ -
Deferred expense (benefit)	11,000	(6,000)	(3,000)
Valuation allowance	<u>(6,000)</u>	<u>6,000</u>	<u>-</u>
Total income tax expense (benefit)	<u>\$ 66,000</u>	<u>\$ -</u>	<u>\$ (3,000)</u>

**Note 6 - Income Taxes (Continued)**

A reconciliation of the provision for income taxes to income taxes computed by applying the statutory United States federal tax rate to income before taxes is as follows:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Income tax expense (recovery) - Computed at 34 percent of pretax income (loss) \$	113,100	\$ (10,185)	\$ (5,944)
Effect of nondeductible expenses	6,300	242	326
Valuation allowance	-	6,000	-
Effect of net operating loss carryforwards	(47,804)	-	-
Effect of adjustment of prior year estimates	<u>(5,596)</u>	<u>3,943</u>	<u>2,618</u>
Total income tax expense (benefit) \$	<u>66,000</u>	<u>-</u>	<u>\$ (3,000)</u>

Deferred tax assets result primarily from differences in the period of deductibility of certain expenses and net operating losses. The deferred tax asset totaled \$11,000, \$22,000, and \$16,000 as of March 31, 2005, 2004, and 2003, respectively. The 2004 deferred tax asset was reduced by a \$6,000 valuation allowance. There were no deferred tax liabilities as of March 31, 2005, 2004, and 2003.

**Note 7 - Lease Commitments**

The Company leases office and manufacturing space under various operating lease agreements. In connection with the operating lease for its office and manufacturing space, the Company was granted a period of free rent. For financial reporting purposes, annual expense for this lease is recorded on a straight-line basis over the term of the lease. The difference between the annual expense for financial reporting purposes and the annual payments is reflected as a deferred lease obligation and amortized over the life of the lease.

Rent expense for all leased property totaled \$62,598, \$48,228, and \$87,482 for the years ended March 31, 2005, 2004, and 2003, respectively.

As of March 31, 2005, future minimum lease payments required under lease agreements are as follows:

Years Ending <u>March 31</u>	<u>Amount</u>
2006	\$ 66,452
2007	67,474
2008	67,474
2009	67,474
2010	<u>33,737</u>
Total	<u>\$ 302,611</u>

### Note 8 - Employee Benefit Plan

The Company sponsors a 401(k) plan that provides retirement benefits for its employees according to the provisions of the plan document. There were no contributions made by the Company during 2005, 2004, and 2003.

### Note 9 - Stock Options

During 1998, the Company entered into two stock option agreements for directors and employees. The first stock option agreement granted directors the option to purchase a total of 280,000 shares of previously authorized but unissued Class A common stock for \$1 per share at any time prior to June 25, 2008. All 280,000 shares were outstanding and unexercised as of March 31, 2005 and 2004. The second stock option agreement granted employees the option to purchase a total of 93,200 shares of previously authorized but unissued Class A common stock for \$0.50 per share prior to December 17, 2003. Due to employee terminations, 49,700 of the second stock options expired as of March 31, 2003, with the remainder expiring December 17, 2003 unexercised.

During 1997, the Company entered into two stock option agreements for directors, officers, and employees. The first stock option agreement granted directors the option to purchase a total of 210,000 shares of previously authorized but unissued Class A common stock for \$1.50 per share at any time prior to January 23, 2007. The second agreement also granted officers and employees the option to purchase a total of 98,200 shares of previously authorized but unissued Class A common stock for \$1 per share at any time prior to January 23, 2007. Both stock option agreements were outstanding and unexercised in their entirety as of March 31, 2005 and 2004.

**Stock Based Compensation** - The Company has elected to follow Accounting Principles Opinion No. 25 (APB 25), *Accounting for Stock Issued to Employees*, and related interpretations in accounting for its employee stock options because, as discussed below, the alternative fair value accounting provided for under FASB Statement No. 123 (SFAS 123), *Accounting for Stock-Based Compensation*, requires use of option valuation models that were not developed for use in valuing stock options. Under APB 25, compensation expense is measured as the excess of the market price of the underlying stock over the exercise price on the date of the grant, if any.

Pro forma information regarding net earnings and earnings per share is required by SFAS 123. However, since the stock options issued would have an antidilutive effect on earnings per share, the required pro forma information has been omitted for the years ended March 31, 2005, 2004, and 2003. The impact of using the fair value approach of accounting for the stock options on earnings per share and net income is nominal.

## Note 10 - Recently Issued Accounting Standard

In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement No. 123R ("SFAS 123R"), a revision to Statement No. 123, *Accounting for Stock-Based Compensation*. This standard requires the Company to measure the cost of employee services received in exchange for equity awards, including stock options, based on the grant date fair value of the awards. The cost will be recognized as compensation expense over the vesting period of the awards. The Company is required to adopt SFAS 123R beginning April 1, 2006. The standard provides for a prospective application. Under this method, the Company will begin recognizing compensation cost for equity based compensation for all new or modified grants after the date of adoption. In addition, the Company will recognize the unvested portion of the grant date fair value of awards issued prior to adoption based on the fair values previously calculated for disclosure purposes.

## Note 11 - Fair Values of Financial Instruments

A summary of the methods and significant assumptions used to estimate the fair values of financial instruments is as follows:

**Short-term Financial Instruments** - The fair values of short-term financial instruments, including cash and cash equivalents, trade accounts receivable and payable, and accrued liabilities approximate the carrying amounts in the accompanying consolidated financial statements due to the short maturity of such instruments.

**Line of Credit and Notes Payable** - The fair value of the Company's line of credit and notes payable approximates the carrying amounts in the accompanying consolidated financial statements as the current borrowing rates reflect market rates.

**Trading Symbol: BONL (OTC)**

**CUSIP Number: 097-770-200**

### Directors and Officers

① ② **A. George Hebel, III**  
Chairman, President and C.E.O.

**Thomas E. Hebel**  
Director and Vice President

**Paul Y. Hebel**  
Director and Asst. Secretary

② ③ **Brian F. York, C.P.A.**  
Director and Treasurer

① **Betty Jean Hebel, Ph.D.**  
Director, Secretary, and  
Vice President of International Sales

① ③ **Robert O. Sornson J.D.**  
Director

① Executive Committee

② Finance Committee

③ Compensation Committee

### Corporate Headquarters

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[www.pulsepuddle.com](http://www.pulsepuddle.com)

[www.distortioncontrol.com](http://www.distortioncontrol.com)

### Auditors

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### Transfer Agent

**OTC Stock Transfer, Inc.**  
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Salt Lake City, UT 84165