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RTZ PILLAR LIMITED

REPORT AND ACCOUNTS

31 DECEMBER 1990

RTZ PILLAR LIMITED

DIRECTORS OF THE COMPANY

D. Edwards	Chairman
G.H. Sage	Chief Executive
D. Brown	
J.A. Cooke	
D.E. Davey	
R.F. Leverton	
J.W. Ray	
B.C. Turner	
J.R.D. Willans	
D. Wolstenholme	

COMPANY SECRETARY

W.R.V. Archer

RTZ PILLAR LIMITED

REPORT OF THE DIRECTORS

The Directors submit their report and the audited accounts for the year ended 31 December 1990.

COMPOSITION AND ACTIVITIES OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES

RTZ Pillar Limited is a wholly-owned subsidiary of The RTZ Corporation PLC("RTZ") and is a holding company for a diversified industrial group with operating subsidiaries, associates and divisions serving markets which include construction, automotive and general engineering, aviation and defence.

For management reporting purposes the Group's operations are coordinated through the following sub-groups:

The Pillar Building Products Limited group comprises businesses supplying non-electrical products primarily to the construction markets in the United Kingdom and mainland Europe. Its activities include the fabrication and surface finishing of aluminium and steel and the manufacture and supply of aluminium, steel and plastic components for the construction industry including the building and home improvement markets.

During the year, £16 million was spent on acquisitions which relate directly to existing businesses: Grada International NV, a manufacturer of air diffusion products in Belgium, Tecnilaca-Lacagam de Metais, Lda, a metal finishing company in Portugal and Filon Products Limited, a glass reinforced plastic panel manufacturer for the United Kingdom industrial construction market. In addition, the other 50% interest in Streamline Building Products Limited was acquired for £0.9 million and the group's 49% interest in Tegral Metal Forming Limited in Eire was sold for £0.9 million.

The Pillar Electrical PLC group comprises companies manufacturing electrical products and systems for markets in the United Kingdom and mainland Europe, the Middle East and the Far East. Activities include the manufacture of the "MK" range of electrical wiring accessories, circuit protection and cable management systems, as well as the design and manufacture of safety and environmental systems for buildings and specialised lighting products.

The Pillar Engineering Limited group comprises the automotive and general engineering, distribution and aviation support interests in the United Kingdom. Activities include aero-engine and aircraft component overhaul, manufacture of products and precision components for aerospace, automotive and general industrial applications, motor vehicle dealerships and distribution of products to the engineering and construction industries.

RESULTS

The results of the Company for the year are set out on page 6.

DIVIDENDS

An interim dividend of £3,600,000 was paid in November 1990. The Directors recommend a final dividend for the year of £3,493,000 payable on 3 June 1991.

FIXED ASSETS

The changes in the Company's fixed assets during the year are set out in note 9 to the accounts.

DIRECTORS

The present composition of the Board of Directors is set out on page 1. Mr. D. Brown, Mr. J.A. Cooke, Mr. J.W. Ray, Mr. B.C. Turner and Mr. J.R.D. Willans were appointed Directors on 6 September 1990 and Mr. J.A. Chilcot, Mr. M.M. Freeman and Mr. G.E.L. Munera resigned as Directors on 15 June , 6 September, and 31 October respectively.

According to the Register kept under Section 325 of the Companies Act 1985, the interests of Directors and their families in shares, loan stock or debentures of The RTZ Corporation PLC or any of its subsidiaries, were as follows:

	Options on RTZ 10p Ordinary Shares Granted During Year	RTZ 10p Ordinary Shares Holdings 31 December 1990	Holdings 31 December 1989*
D. Brown	48,586	-	-
J.A. Cooke	-	-	-
D.E. Davey	-	30,225	28,370
R.F. Leverton	81,000	-	-
J.W. Ray	56,500	1,901	1,901
G.H. Sage	7,673	-	-
B.C. Turner	53,500	556	556
J.R.D. Willans	47,500	1,794	1,768
D. Wolstenholme	5,500	4,073	2,979

During the year, Mr. D.E. Davey and Mr. G.H. Sage each exercised 1,855 options on RTZ 10p Ordinary Shares.

* or date of appointment if later.

The above list does not include any shareholdings of Mr. D. Edwards, who is also a Director of The RTZ Corporation PLC.

AUDITORS

A resolution to re-appoint Coopers & Lybrand Deloitte as the Company's auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

Secretary

Cleveland House
19 St. James's Square
London SW1Y 4JG

12 March 1991.

RTZ PILLAR LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the accounts on pages 6 to 16 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the Company's affairs at 31 December 1990 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand Deloitte

COOPERS & LYBRAND DELOITTE
Chartered Accountants

LONDON, 12 March 1991

RTZ PILLAR LIMITED

PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 1990

	Notes	1990 £'m	1989 £'m
Income from investments in subsidiary companies		20.7	91.0
Other operating income		6.5	5.8
		27.2	96.8
Administrative expenses		(6.4)	(5.6)
Operating Profit	2	20.8	91.2
Interest payable (net)	5	(8.6)	(9.2)
Profit on ordinary activities before taxation		12.2	82.0
Taxation credit	6	2.9	3.1
Profit on ordinary activities after taxation		15.1	85.1
Extraordinary income	7	-	67.5
Profit for the financial year		15.1	152.6
Dividends	8	7.1	75.9
Retained profit for the year		8.0	76.7
Retained profit at beginning of year		95.1	18.4
Retained profit at end of year		103.1	95.1

The notes on pages 9 to 16 form part of these accounts.

Auditors' report is on page 5.

RTZ PILLAR LIMITED

BALANCE SHEET
31 DECEMBER 1990

	Notes	1990 £'m	1989 £'m
FIXED ASSETS			
Tangible assets	9	1.5	1.2
Investments in subsidiary companies	10	399.8	399.8
		401.3	401.0
CURRENT ASSETS			
Debtors	11	170.1	169.5
Cash at bank and in hand		11.7	15.8
		181.8	185.3
Creditors : amounts falling due within one year	12	(159.9)	(171.1)
NET CURRENT ASSETS		21.9	14.2
TOTAL ASSETS LESS CURRENT LIABILITIES		423.2	415.2
Deferred taxation	13	(0.1)	(0.1)
		423.1	415.1
CAPITAL RESERVES			
Called up share capital	14	320.0	320.0
Profit and loss account		103.1	95.1
		423.1	415.1

(Director)

(Director)

12 March 1991

The notes on pages 9 to 16 form part of these accounts

Auditors' report is on page 5.

RTZ PILLAR LIMITED

SOURCE AND APPLICATION OF FUNDS STATEMENT
YEAR ENDED 31 DECEMBER 1990

	1990 £'m	1989 £'m
FUNDS GENERATED FROM OPERATIONS		
Profit on ordinary activities before taxation	12.2	82.0
Items not involving the movement of funds		
Depreciation	0.3	0.2
	12.5	82.2
OTHER FUNDS GENERATED		
Taxation received	3.1	-
Sale of tangible fixed assets	0.1	0.1
Sale of investments and subsidiary companies	-	68.8
	15.7	151.1
FUNDS APPLIED		
(Decrease)/Increase in working capital		
Debtors	0.6	21.6
Creditors	8.4	(43.9)
	9.0	(22.3)
Additions to tangible fixed assets	0.7	1.2
Additions to investments	-	21.2
Taxation paid	-	0.1
Dividends paid	9.9	96.5
	19.6	96.7
(DEFICIT)/EXCESS OF FUNDS GENERATED OVER FUNDS APPLIED	(3.9)	54.4
(REDUCTION)/INCREASE IN NET LIQUID FUNDS		
Cash balances	(4.1)	3.1
Loan due from parent company	0.2	51.3
	(3.9)	54.4

Auditors' report is on page 5.

RTZ PILLAR LIMITED

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

The Accounts are drawn up in accordance with the historical cost convention.

a) Depreciation

Depreciation of tangible fixed assets is provided on a straight line basis by reference to the expected useful lives of the assets concerned.

The principal annual depreciation rates applied are:-

Leasehold improvements	20%
Computer equipment	25%
Plant and equipment	10 - 25%

b) Deferred Taxation

Deferred tax is provided using the liability method in respect of all timing differences to the extent that these are expected to reverse in the foreseeable future.

c) Investments in Subsidiaries

Investments in subsidiary companies are stated at cost less provisions where in the opinion of the Directors there has been a permanent diminution in value.

d) Pensions

The expected cost of pensions in respect of The RTZ Corporation PLC Group defined benefit pension schemes in which the company participates is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the schemes. Contributions are based on pension costs across The RTZ Corporation PLC Group as a whole. Variations from the regular cost are spread over the expected remaining service lives of current employees in the schemes. The pension cost is assessed in accordance with the advice of qualified actuaries.

RTZ PILLAR LIMITED

NOTES TO THE ACCOUNTS

2 OPERATING PROFIT	1990 £'000	1989 £'000
Operating profit is stated after charging/(crediting):		
Staff Costs:		
Wages and salaries	1,230	1,175
Social security costs	129	123
Other pension costs	159	104
Depreciation of tangible fixed assets	360	233
Loss on disposal of tangible fixed assets	7	17
Hire of plant and machinery	61	30
Operating lease payments	427	273
Directors' emoluments for management, including pension contributions (see Note 3)	835	1,313
Auditors' remuneration	45	48

The total pension cost for the company was £158,848 and includes a charge of £25,086 attributable to the amortisation of pension surpluses. Contributions made to pension schemes during 1990 amounted to £139,117.

3 DIRECTORS' EMOLUMENTS

The Chairman received no emoluments (1989 - £nil). The emoluments of the highest paid director, excluding pension contributions, were £128,250 (1989 £134,364). Other directors emoluments apart from those who discharged their duties wholly or mainly outside the United Kingdom, excluding pension contributions fell within the following ranges:

	1990	1989
Nil to £5,000	4	5
£25,001 to £30,000	1	1
£30,001 to £35,001	3	-
£55,001 to £60,000	1	1
£95,001 to £100,000	-	1
£115,001 to £120,000	1	-
£120,001 to £125,000	-	1

4 EMPLOYEE INFORMATION

The average number of persons employed by the Company during the year was 66 (1989-66).

The Company participates in two UK pension schemes of The RTZ Corporation PLC Group. The schemes are of the defined benefit type. The assets of the schemes are held in separate trustee administered funds. The details from the most recent actuarial reviews which were carried out as at 31st December 1989 are disclosed in the accounts of The RTZ Corporation PLC, the ultimate holding company.

RTZ PILLAR LIMITED

NOTES TO THE ACCOUNTS

5 INTEREST PAYABLE (NET)

		1990 £'m		1989 £'m
Interest payable:				
Group loans		(17.8)		(14.9)
Less: interest receivable				
Bank deposits	2.8		1.6	
Group deposits	6.4		4.1	
		9.2		5.7
		(8.6)		(9.2)

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1990 £'m	1989 £'m
Taxation credit based on the taxable loss for the year:		
United Kingdom Corporation Tax at 35% (1989 - 35%)	(2.9)	(3.2)
Transfer (from)/to deferred taxation at 35% (1989 - 35%)	-	0.1
	(2.9)	(3.1)

7 EXTRAORDINARY ITEMS

	1990 £'m	1989 £'m
Extraordinary gains		
Sale of unlisted investment	-	0.2
Sale of investment in subsidiary	-	67.3
	-	67.5

NOTES TO THE ACCOUNTS

8 DIVIDENDS

	1990 £'m	1989 £'m
Interims paid	3.6	69.6
Final proposed	3.5	6.3
	7.1	75.9

9 TANGIBLE FIXED ASSETS

	Leasehold Improvements £'m	Computer Equipment £'m	Plant and Equipment £'m	Total £'m
Cost				
At beginning of year	0.6	0.4	0.6	1.6
Additions	0.2	0.1	0.4	0.7
Disposals	-	-	(0.2)	(0.2)
At end of year	0.8	0.5	0.8	2.1
Depreciation				
At beginning of year	0.1	0.1	0.2	0.4
Depreciation for the year	0.1	0.1	0.1	0.3
Disposals	-	-	(0.1)	(0.1)
At end of year	0.2	0.2	0.2	0.6
Net book value at end of year	0.6	0.3	0.6	1.5
Net book value at beginning of year	0.5	0.3	0.4	1.2

10 INVESTMENTS

	Subsidiaries £'m
At beginning and end of year	399.8

Information relating to the principal investments is included on pages 15 and 16.

RTZ PILLAR LIMITED

NOTES TO THE ACCOUNTS

11 DEBTORS

	1990 £'m	1989 £'m
Amounts owed by fellow subsidiary companies outside the RTZ Pillar Limited Group	0.1	-
Amounts owed by subsidiary companies	115.4	114.3
Amounts owed by parent company	51.5	51.3
Other debtors	0.2	0.8
Corporation tax	2.9	3.1
	170.1	169.5

All amounts above are receivable within one year.

12 CREDITORS

	1990 £'m	1989 £'m
Amounts owed to subsidiary companies	155.5	163.2
Amounts owed to fellow subsidiary companies outside the RTZ Pillar Limited Group	-	0.8
Other creditors	0.9	0.8
Proposed final dividend	3.5	6.3
	159.9	171.1

13 DEFERRED TAXATION

a) The provision for deferred taxation represents the full potential liability in respect of accelerated capital allowances and other timing differences.

b) The movements on the provision for deferred taxation during the year were as follows:

	£'m
Provision at beginning of year	0.1
Transfer to tax on profit on ordinary activities	-
Provision at end of year	0.1

RTZ PILLAR LIMITED

NOTES TO THE ACCOUNTS

14 SHARE CAPITAL

	1990 £'m	1989 £'m
Authorised share capital: 320,000,000 (1989 320,000,000), Ordinary Shares of £1 each	320.0	320.0
Issued, called up, and fully paid share capital: 320,000,000 (1989 320,000,000), Ordinary Shares of £1 each	320.0	320.0

15 OTHER FINANCIAL COMMITMENTS

At December 31 1990, the Company had annual commitments of £689,000 (1989 - £313,000) under non-cancellable operating leases of land and buildings which expire in more than one year but less than five years.

16 CONTINGENT LIABILITY

Under a group banking arrangement bank balances of £11,692,420 form part of an offset arrangement, which could be used to settle the overdrafts of other companies within the group.

17 GROUP ACCOUNTS

The Company is itself a wholly owned subsidiary of another company incorporated in England and group accounts have not been prepared.

18 ULTIMATE HOLDING COMPANY

The RTZ Corporation PLC, incorporated in England, is the Company's ultimate holding company.

RTZ PILLAR LIMITED

PRINCIPAL SUBSIDIARY COMPANIES AT 31 DECEMBER 1990

Pillar Building Products Limited

Acorn Exal Limited	Aluminium anodising and paint finishing
Air Diffusion Devices Limited	Air diffusion devices
Beta Naco Limited #	Aluminium louvre doors and ventilation grilles
Catnic Limited #	Steel lintels, garage doors and plasterers' products
Duraflex Limited	Aluminium and UPVC double glazing systems
Estabelecimentos Manuel Ferreira, Lda, (Portugal)	Aluminium systems profile stocking and finishing
European Profiles Limited	Roll-formed steel sheeting
Filon Products Limited	Roll-formed GRP sheeting
Glostal Limited	Architectural aluminium systems
Grada International NV (Belgium)	Air diffusion devices
Indalex Limited	Extruding, anodising, painting and fabricating aluminium
Inter Profiles Aktieselskab (Denmark) (75.2%)	Roll-formed steel sheeting
Mellowes Archital Limited	Aluminium and steel windows and doors
Pillar Naco Industries (Europe) Srl (Italy)	Louvre windows and sunbreakers
Pillar Portuguesa (Aluminio), Portalex, S.A. (Portugal)	Aluminium extrusion
Pillar-Wedge Group Limited (73.6%)	General galvanising
Precision Metal Forming Limited	Roll-formed steel sheeting
RTZ Extruders Limited	Extruding, anodising, painting and fabricating aluminium
Streamline Building Products Limited	Glassfibre reinforced gypsum panels
Tecnilaca - Lacagem De Metais, Lda (Portugal)	Metal finishing

Pillar Electrical Plc

Andrew Chalmers & Mitchell Limited (Scotland)	Hazardous area lighting, floodlighting and amenity lighting
Davis Alumex Lighting Limited (Scotland)	Architectural and commercial lighting systems
Digital Audio Limited	Intrusion security and communication systems
Duraplug Electricals Limited	Resilient portable wiring devices
Ega Limited	Cable management systems
Esser Sicherheitstechnik GmbH (Germany)	Fire alarm and intrusion security systems
V&E Friedland Limited	Domestic bells and chimes and sound signalling equipment
Gent Limited #	Fire detection and alarm systems
Gilflex Limited #	Cable management systems
MK Electric Limited	Wiring devices, circuit protection and cable management systems
Superswitch Electric Appliances Limited #	Consumer security and control products
Trend Control Systems Limited #	Advanced building management systems

PRINCIPAL SUBSIDIARY COMPANIES AT 31 DECEMBER 1990 (Cont'd)

Pillar Engineering Limited

Attewell-Mycroshims Limited	Manufacture of metal laminates and shims
Aviation Engineering & Maintenance Limited	Overhaul and repair of aircraft components
Ellay Enfield Tubes Limited	Non-ferrous tube manufacturing
Frank Parker & Co. Limited	Distribution of contractors' tools, protective clothing and equipment
H+S Aviation Limited	Overhaul and repair of aero engines and components
John Lee (Sacks) Limited	Manufacture and merchanting of sacks and bags
MBS Distribution Limited	Distribution of industrial fastenings
Peak Engineering Company Limited	General precision engineering
Pillar Engineering Supplies Limited	Distribution of engineers' tools and equipment
Pneumatic Components Limited	Manufacture of garage equipment and motor accessories
Pressweld Limited	Manufacture of aluminium trim components
Protofram Limited	Distribution of engineers' hand tools
RTZ Metal Stockholders Limited	Metal stockholding
The Skipper Group Limited	Car and commercial vehicle dealer
Stedall (Vehicle Fittings) Limited	Distribution of commercial vehicle body fittings
AG Strachan & Co. Limited	Distribution of contractors' and engineer's tools, equipment and fastenings

NOTE:

1. The companies are registered in England unless otherwise shown.
2. Pillar Building Products Limited, Pillar Electrical Plc and Pillar Engineering Limited are immediate subsidiaries. The other companies are subsidiaries of one of these three companies, as shown.
3. Except where otherwise indicated, subsidiaries are wholly-owned. The existence of more than one class of share capital is indicated by #.