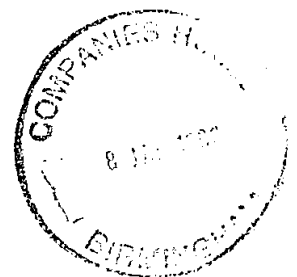
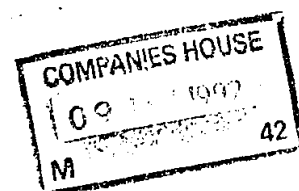


TARMAC INDUSTRIAL PRODUCTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 1990

(Registered in England, Number 558320)



TARMAC INDUSTRIAL PRODUCTS LIMITED**DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year ended 31st December 1990.

Results and dividends

The profit for the year after tax amounted to £6, 730, 000. The directors do not recommend the payment of a dividend.

Principal activities and business review

The company is principally an investment holding company providing management, administration and development services.

The operating subsidiary undertakings continue to be engaged in the manufacture and application of products mainly for the building trade.

Fixed assets

Movements in tangible fixed assets are set out in note 10 of the financial statements and movements in investments held as fixed assets are set out in note 11 of the financial statements.

Directors and directors' interests

The directors who served during the year and subsequently were:

Sir Eric J. Pountain

B. W. Baker

T. H. Mason

I. G. S. McPherson

The Lord Stafford

C. J. Myatt

D. T. Watson

B. G. Duncan

P. Race

P. Simpson

P. S. Booth

P. G. Stanyard

(appointed 22nd March 1990)

(resigned 26th March 1990)

TARMAC INDUSTRIAL PRODUCTS LIMITED**DIRECTORS' REPORT**

(continued)

Directors and directors' interests (continued)

The interests of those directors who are also directors of Tarmac PLC are shown in the directors' report and financial statements of that company. The interests of the other directors in the share and loan capital of Tarmac PLC are set out below:

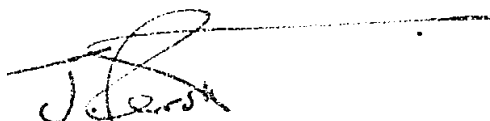
	At 31st December 1990		At 1st January 1990 or date of appointment		Share option movements in year	
	Ordinary shares	Share options	Ordinary shares	Share options	Granted	Exercised
The Lord Stafford	-	-	2,300	-	-	-
C. J. Myatt	5,584	188,887	5,392	128,035	62,403	-
D. T. Watson	-	79,211	-	48,655	35,211	-
B. G. Duncan	2,169	113,181	1,782	89,069	35,211	8,000
P. Race	-	107,211	-	72,000	35,211	-
P. Simpson	-	61,592	-	31,189	30,403	-
P. S. Booth	2,380	106,358	-	77,169	32,807	2,380

No director had any beneficial interest in the share or loan capital of any subsidiary of Tarmac PLC.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution concerning the re-appointment of KPMG Peat Marwick McLintock as auditors of the company is to be proposed at the forthcoming annual general meeting.

This report was approved by the board on 11th March 1991 and signed on its behalf by:


Secretary

11th March 1991

REPORT OF THE AUDITORS, KPMG PEAT MARWICK McLINTOCK, TO THE MEMBERS OF
TARMAC INDUSTRIAL PRODUCTS LIMITED

We have audited the financial statements on pages 4 to 18 in accordance with Auditing Standards.

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

Without qualifying our opinion above, we draw attention to the fact that the financial statements do not contain a statement of source and application of funds and thus do not comply with Statement of Standard Accounting Practice No. 10.

Birmingham

Chartered Accountants

11th March 1991

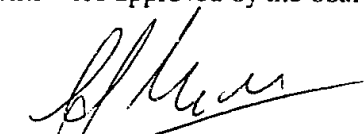

TARMAC INDUSTRIAL PRODUCTS LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31st DECEMBER 1990**

	Note	1990 £'000	1989 £'000
Operating profit for the year	3	13, 529	2, 231
Interest receivable	4	10, 658	382
Interest payable	5	(20, 621)	(20, 606)
Profit/(loss) on ordinary activities before taxation	6	<u>3, 566</u>	<u>(17, 993)</u>
Taxation credit on profit/(loss) on ordinary activities	9	3, 164	6, 254
Retained profit/(loss) for the financial year transferred to reserves	17	<u><u>6, 730</u></u>	<u><u>(11, 739)</u></u>

TARMAC INDUSTRIAL PRODUCTS LIMITED**BALANCE SHEET****AT 31st DECEMBER 1990**

	Note	1990 £'000	1989 £'000
Fixed assets			
Tangible assets	10	323	711
Investments	11	174, 753	173, 656
		<u>175, 076</u>	<u>174, 367</u>
Current assets			
Debtors	12	58, 347	43, 775
Cash at bank and in hand		16	17
		<u>58, 363</u>	<u>43, 792</u>
Creditors: Amounts falling due within one year	13	(4, 890)	(4, 855)
Net current assets		<u>53, 473</u>	<u>38, 937</u>
Total assets less current liabilities		228, 549	213, 304
Creditors: Amounts falling due after more than one year	14	(215, 955)	(207, 182)
Provisions for liabilities and charges	15	(2)	(260)
		<u>12, 592</u>	<u>5, 862</u>
Capital and reserves			
Called up share capital	16	25, 000	25, 000
Profit and loss account	17	(12, 408)	(19, 138)
		<u>12, 592</u>	<u>5, 862</u>

The financial statements were approved by the board of directors on 11th March 1991 and signed on its behalf by:

)
) **Directors**
)

TARMAC INDUSTRIAL PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 1990

1. Accounting policies

(a) Basis of accounting

The financial statements have been prepared using the historic cost convention.

(b) Accounting Standards

With the exception of the departure from the requirements of Statement of Standard Accounting Practice No. 10, referred to in the Report of the Auditors, which is more fully explained in paragraph (h) below, the financial statements have been prepared in accordance with applicable Accounting Standards.

(c) Consolidated accounts

Group accounts have not been prepared as the company is a wholly owned subsidiary of another body corporate. Investments in subsidiary and associated undertakings are shown at cost less amounts written off. In the opinion of the directors, the valuation of investments at 31st December 1990 is not less than the amount at which they are stated in the balance sheet.

(d) Depreciation

Freehold land and investment property is not depreciated. Depreciation is provided to write off the cost or revalued amount of tangible fixed assets by equal annual instalments over their estimated useful lives as follows:

Freehold buildings	- up to 50 years
Long leasehold property	- up to 50 years
Short leasehold property	- period of lease
Plant and equipment	- from 3 to 15 years depending on expected life

(e) Exchange rates

Transactions denominated in foreign currencies are translated into sterling and recorded at the rates of exchange ruling at the transaction dates. Balances outstanding at the year end, denominated in foreign currencies, are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange differences are reflected in the results for the year.

Exchange differences arising on foreign currency loans to fund overseas subsidiaries were previously shown as a movement on reserves. The comparative figures for 1989 have been restated accordingly.

TARMAC INDUSTRIAL PRODUCTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31st DECEMBER 1990****1. Accounting policies (continued)****(f) Leased assets**

Operating lease costs are charged to the profit and loss account as they are incurred. Assets which are subject to operating leases are not recorded in the balance sheet.

(g) Deferred taxation

Deferred taxation is provided using the liability method in respect of capital allowances on tangible fixed assets and other timing differences to the extent that these are expected to result in tax liabilities becoming payable in the foreseeable future.

(h) Source and application of funds

The company does not prepare a statement of source and application of funds as the directors do not consider this statement appropriate to a wholly owned subsidiary.

2. Floating charge

A first floating charge has been created on the assets and undertaking of the company as collateral security for the issue of the following debenture stocks by Tarmac PLC.

£1, 595, 229	7. 50%	1987/1992
£1, 046, 562	6. 25%	1989/1994
£376, 657	6. 75%	1989/1994
£1, 211, 842	7. 50%	1992/1997

3. Operating profit for the year

	1990 £'000	1989 £'000
Income net of administrative expenses	4, 125	3, 396
Net amounts written off loans to and investments in group and associated undertakings	(6, 719)	(6, 410)
	<u>(2, 594)</u>	<u>(3, 014)</u>
Income from shares in group undertakings	15, 953	4, 641
Profit on sale of tangible fixed assets	170	604
	<u>13, 529</u>	<u>2, 231</u>

TARMAC INDUSTRIAL PRODUCTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31st DECEMBER 1990**

(continued)

4. Interest receivable

	1990 £'000	1989 £'000
Interest receivable from group undertakings	9,219	-
Other interest receivable	240	382
Exchange gain on foreign currency borrowings	1,199	-
	<u>10,658</u>	<u>382</u>

5. Interest payable

	1990 £'000	1989 £'000
Interest payable to group undertakings	19,954	16,706
Interest payable on other loans wholly repayable within five years	667	673
Exchange loss on foreign currency borrowings	-	3,227
	<u>20,621</u>	<u>20,606</u>

6. Profit/(loss) on ordinary activities before taxation

The profit/(loss) on ordinary activities before taxation has been arrived at after charging the following:

	1990 £'000	1989 £'000
Depreciation on tangible fixed assets (note 10)	90	88
Auditors' remuneration	43	36
Directors' emoluments (note 8)	256	278
Operating leases:		
Land and buildings	32	29
Other assets	110	73
	<u></u>	<u></u>

TARMAC INDUSTRIAL PRODUCTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31st DECEMBER 1990**

(continued)

7. Staff numbers and costs

The average weekly number of persons employed by the company during the year was 44 (1989: 38).

The aggregate payroll costs during the year amounted to:

	1990 £'000	1989 £'000
Wages and salaries	959	662
Social security costs	82	64
Other pension costs	212	22
	<u>1, 253</u>	<u>748</u>

8. Directors' emoluments

Directors' emoluments comprises:

	1990 £'000	1989 £'000
Fees	5	4
Management remuneration	247	274
Compensation for loss of office	4	-
	<u>256</u>	<u>278</u>

Excluding pension contributions the emoluments of the directors were as follows:

Chairman	<u>Nil</u>	<u>Nil</u>
Highest paid director	<u>85</u>	<u>72</u>

The emoluments of the other directors were within the following ranges:

	Number	Number
£ 0 - £ 5, 000	6	8
£5, 001 - £10, 000	1	-
£10, 001 - £15, 000	1	-
£40, 001 - £45, 000	-	1
£45, 001 - £50, 000	-	1
£50, 001 - £55, 000	1	-
£55, 001 - £60, 000	<u>1</u>	<u>1</u>

TARMAC INDUSTRIAL PRODUCTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31st DECEMBER 1990**

(continued)

9. Taxation credit on profit/(loss) on ordinary activities

Tax based on profit for the year comprises:

	1990 £'000	1989 £'000
Group relief receivable at 35%	2,664	4,612
Prior year adjustment	500	1,642
	<u>3,164</u>	<u>6,254</u>

The tax credit for the year has been increased by £309,900 (1989: reduced by £191,400) in respect of capital allowances and other timing differences for which no deferred tax asset has been created.

TARMAC INDUSTRIAL PRODUCTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31st DECEMBER 1990**

(continued)

10. Tangible fixed assets

Cost or valuation	Land and buildings £'000	Plant and equipment £'000	Total £'000
At 1st January 1990	560	456	1,016
Additions	-	24	24
Disposals	(340)	-	(340)
At 31st December 1990	<u>220</u>	<u>480</u>	<u>700</u>
Gross amounts of depreciable assets	<u>210</u>	<u>480</u>	<u>690</u>
Accumulated depreciation			
At 1st January 1990	38	267	305
Provision for the year	10	73	83
Eliminated in respect of disposals	(11)	-	(11)
At 31st December 1990	<u>37</u>	<u>340</u>	<u>377</u>
Net book value			
At 31st December 1990	<u>183</u>	<u>140</u>	<u>323</u>
At 31st December 1989	<u>522</u>	<u>189</u>	<u>711</u>

The net book value of land and buildings comprises:

	1990 £'000	1989 £'000
Freehold	-	332
Long leasehold	9	9
Short leasehold	174	181
	<u>183</u>	<u>522</u>

TARMAC INDUSTRIAL PRODUCTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31st DECEMBER 1990**

(continued)

10. Tangible fixed assets (continued)

Certain freehold and long leasehold land and buildings were held as investment properties and were stated at directors' valuation. In accordance with Statement of Standard Accounting Practice No. 19 no depreciation was charged. The carrying value of investment properties at 31st December 1990 is £Nil (1989: £245, 000).

	1990 £'000	1989 £'000
The gross book value of land and buildings comprises:		
Historic cost	220	315
Valuations at 31st December 1985	-	245
	<u>220</u>	<u>560</u>
Land and buildings determined according to the historic cost accounting rules are as follows:		
At cost	220	559
Accumulated depreciation	(37)	(37)
Net book value	<u>183</u>	<u>522</u>

The amount of depreciation provided in the year to 31st December 1990 is reconciled with the charge in the profit and loss account as follows:

	1990 £'000	1989 £'000
Provision for the year as above	83	88
Depreciation previously under-provided in respect of assets disposed of during the year	7	-
	<u>90</u>	<u>88</u>
Analysis of the depreciation charge per the profit and loss account:		
Land and buildings	17	10
Plant and equipment	73	78
	<u>90</u>	<u>88</u>

TARMAC INDUSTRIAL PRODUCTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31st DECEMBER 1990**

(continued)

11. Investments

Cost	Shares in group undertakings £'000	Shares in associated undertakings £'000	Total £'000
At 1st January 1990	200,392	-	200,392
Additions	1,839	-	1,839
Exchange	-	(20)	(20)
Transfers from group undertakings	1,726	123	1,849
Transfers to group undertakings	(813)	-	(813)
Disposals	(1)	-	(1)
At 31st December 1990	<u>203,143</u>	<u>103</u>	<u>203,246</u>
Provisions for diminution in value			
At 1st January 1990	26,736	-	26,736
Profit and loss account	945	(4)	941
Transfers from group undertakings	1,487	106	1,593
Transfers to group undertakings	(777)	-	(777)
At 31st December 1990	<u>28,391</u>	<u>102</u>	<u>28,493</u>
Net book value			
At 31st December 1990	<u>174,752</u>	<u>1</u>	<u>174,753</u>
At 31st December 1989	<u>173,656</u>	<u>-</u>	<u>173,656</u>

TARMAC INDUSTRIAL PRODUCTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31st DECEMBER 1990**

(continued)

11. Investments (continued)**Principal subsidiary undertakings (all wholly owned unless otherwise stated)**

	Country of incorporation	Identity of shares held
Owned by the company:		
Aquaseal Limited	England	Ordinary
Bolton Brady Limited	England	Ordinary
Briggs Amasco Limited	Scotland	Ordinary
Briggs Oil Limited	England	Ordinary
Broderick Structures Limited	England	Ordinary
Coolag Purlboard Limited	England	Ordinary
Durastic Limited	England	Ordinary
Feb International Limited	England	Ordinary
Morceau Holdings Limited	England	Ordinary
Neuchatel Holding B. V.	Netherlands	Ordinary
Permanite Asphalt Limited	England	Ordinary
Permanite Limited	England	Ordinary
Pollards of London Limited	England	Ordinary
Pollastrip Limited	England	Ordinary
Ruberoid Limited	England	Ordinary
Tarmac Oil Products Limited	England	Ordinary
Tarmac Roofing Systems Limited	England	Ordinary
Tekurat Insulations Limited (51%)	England	Ordinary
TBP Industries Limited	England	Ordinary
Owned by subsidiaries:		
Aaronite A/S	Norway	Ordinary
Aaronite Limited	England	Ordinary
Albintra N. V. (79%)	Belgium	Ordinary
Albitum N. V. (79%)	Belgium	Ordinary
Antwerps Teer & Asphaltbedrijf N. V. (79%)	Belgium	Ordinary
Asphaltco S. A. (79%)	Belgium	Ordinary
Briggs Amasco Architectural Limited	England	Ordinary
Briggs Amasco Roofing & Cladding Limited	England	Ordinary
Compagnie de Matériaux et de Services S. A.	France	Ordinary
Feb Limited	England	Ordinary
Irish Roofing Felts Limited	Eire	Ordinary
Meple S. A. (79%)	France	Ordinary
Nebiprofa B. V. (75%)	Netherlands	Ordinary
Ruberoid Building Products Limited	England	Ordinary
Ruberoid Contracts Limited	England	Ordinary
Tarmac Roofing Systems Inc.	USA	Common Stock

The above companies are either holding companies of groups engaged in or are directly engaged in the manufacture and application of products mainly for the building trade.

TARMAC INDUSTRIAL PRODUCTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31st DECEMBER 1990**

(continued)

11. Investments (continued)**Associated undertakings**

The company owns ordinary shares in the following associated undertakings:

	Proportion of shares held	Country of incorporation	Aggregate share capital and reserves £	Profit/[loss] for the year £
Hyload Inc.	50%	U. S. A.	(271, 503)	(18, 022)
Pitch Polymer Products Limited	50%	England	192, 988	42, 162
Velmac Limited	40%	England	100	Nil

Hyload Inc. and Pitch Polymer Products Limited are engaged in the manufacture and application of products for the building trade. Velmac Limited is dormant.

12. Debtors

	1990 £'000	1989 £'000
Amounts owed by group undertakings:		
Subsidiary undertakings	58, 140	38, 012
Other group undertakings	22	22
Group relief	4, 768	4, 613
Amounts owed by associated undertakings	64	109
Other debtors	573	647
Prepayments and accrued income	13	372
	<u>63, 580</u>	<u>43, 775</u>
 Included in the above are debtors falling due after more than one year:		
Amounts owed by subsidiary undertakings	<u>55, 751</u>	<u>30, 510</u>

TARMAC INDUSTRIAL PRODUCTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31st DECEMBER 1990**

(continued)

13. Creditors: Amounts falling due within one year

	1990 £'000	1989 £'000
Amounts owed to group undertakings:		
Subsidiary undertakings	1,841	459
Other group undertakings	52	1,644
Corporation tax	971	754
Other taxes and social security costs	767	806
Other creditors	41	67
Accruals and deferred income	1,218	1,125
	<u>4,890</u>	<u>4,855</u>

14. Creditors: Amounts falling due after more than one year

	1990 £'000	1989 £'000
Amounts owed to group undertakings:		
Subsidiary undertakings	76,638	75,459
Other group undertakings	139,317	131,723
	<u>215,955</u>	<u>207,182</u>

The amounts owed to group undertakings are unsecured, incur interest at a variable rate and have no fixed repayment terms.

15. Provisions for liabilities and charges

	Deferred taxation £'000	Other provisions £'000	Total £'000
At 1st January 1990	-	260	260
Expenditure during year	-	(260)	(260)
Transfer from group undertaking	2	-	2
At 31st December 1990	<u>2</u>	<u>-</u>	<u>2</u>

TARMAC INDUSTRIAL PRODUCTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31st DECEMBER 1990**

(continued)

15. Provisions for liabilities and charges (continued)

The amounts provided for deferred taxation and the full potential asset are set out below:

	Provided in accounts £'000	1990 Full potential asset £'000	Provided in accounts £'000	1989 Full potential asset £'000
Accelerated capital allowances	2	(7)	-	(3)
Other timing differences	-	(4)	-	(320)
	<u>2</u>	<u>(11)</u>	<u>-</u>	<u>(323)</u>

16. Called up share capital

	1990 £'000	1989 £'000
Authorised, allotted, called up and fully paid: 25, 000, 000 ordinary shares of £1 each	<u>25, 000</u>	<u>25, 000</u>

17. Profit and loss account

	£'000
At 1st January 1990	(19, 138)
Profit for the year	<u>6, 730</u>
At 31st December 1990	<u>(12, 408)</u>

TARMAC INDUSTRIAL PRODUCTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31st DECEMBER 1990**

(continued)

18. Financial and capital commitments

The company had annual commitments under non-cancellable operating leases as follows:

	1990		1989	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within one year	-	45	-	5
In second to fifth years	-	52	-	54
Over five years	35	-	34	-
	<u>35</u>	<u>97</u>	<u>34</u>	<u>59</u>

19. Pensions

The pension schemes to which the company contributes are of the defined benefit type and are for the benefit of all relevant employees of Tarmac PLC and its U. K. subsidiary and associated undertakings ("the group"). The assets of the schemes are held in trustee administered funds separate from those of the group. Details of the latest actuarial valuation of the principal schemes are given in the group's consolidated financial statements. The contributions to the schemes made by the company represent the regular cost of providing the benefits without any recognition of fund surpluses or deficits which are dealt with by Tarmac PLC.

20. Contingencies

The company is jointly and severally liable under a group registration scheme for value added tax due by certain other group undertakings. At 31st December 1990, this contingent liability amounted to £3, 292, 417 (1989: £4, 215, 689).

21. Ultimate holding company

The company's ultimate holding company is Tarmac PLC incorporated in England.

The accounts of Tarmac PLC are the only group accounts incorporating the company. Copies of these accounts can be obtained from Tarmac PLC, Hilton Hall, Essington, Wolverhampton, WV11 2BQ.