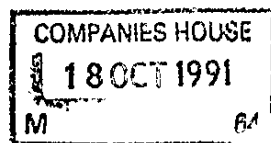


PILLAR ELECTRICAL PLC

ACCOUNTS

for the year ended
31 DECEMBER 1990



Coopers
& Lybrand
Deloitte

PILLAR ELECTRICAL PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 1990

REPORT OF THE DIRECTORS

The directors submit their report and accounts for the year ended 31st December 1990.

Business Review

During the year, Pillar Electrical Plc acted as a managing and holding company of electrical businesses engaged in the manufacture of connection, control and circuit protection equipment; cable management systems; security, safety and building management systems; and commercial lighting equipment.

The results of the company during the year are considered satisfactory.

During the year the company purchased the balance of shares in Digital Audio Limited not already owned. Other changes in fixed assets are summarised in Note 8 to the accounts.

On 1st January 1991 the company transferred its administrative functions to its holding company, RTZ Pillar Limited.

Dividends

A dividend of £3,300,000 was paid during the year. The directors recommend a final dividend of £7,000,000.

Directors

M.M. Freeman resigned as a director on 6th September 1990. Mr. D. Brown and Mr. W.R.V. Archer were appointed directors on, respectively, 6th September 1990 and 17th October 1990. Mr. Brown and Mr. Archer retire in accordance with Article 99 and Mr. Dowsett retires in accordance with Article 93: all three, being eligible for re-appointment, will offer themselves for re-election.

Directors (continued)

The directors of the company during the period and their beneficial, including family, interests requiring disclosure under Section 325 of the Companies Act 1985 are detailed below:

Interests in The RTZ Corporation PLC

	Ordinary shares of 10p each	Redeemable unsecured floating rate loan notes 1992	
	At 31st December 1990	At 31st December 1989 (or date of appointment if later)	At 31st December 1989 (or date of appointment if later)
G.H. Sage (Chairman)	-	-	-
J.W. Ray	1,901	-	-
W.R.V. Archer	1,855	1,855	-
- Beneficial	3,333	3,333	-
- non-beneficial	-	-	-
D. Brown	-	-	-
D.E. Davey	30,225	28,370	-
M.J. Dowsett	-	-	12,187
D. Edwards	1,855	-	-
M.M. Freeman	na	560	na
E. Race	-	-	3,950
- beneficial	-	-	5,308
- non-beneficial	-	-	2,394
B.P. Woodford	-	-	-

Options to purchase shares in The RTZ Corporation PLC

	<u>Number of Ordinary Shares of 10p each</u>		
	At 1st January 1990 (or date of appointment if later)	Granted	Exercised
G.H. Sage (Chairman)	66,148	7,673	1,855
J.W. Ray	3,607	57,325	1,855
W.R.V. Archer	2,577	-	-
D. Brown	2,930	48,586	-
D.E. Davey	67,623	-	1,855
M.J. Dowsett	-	-	-
D. Edwards	123,443	15,586	1,855
E. Race	6,126	543	-
B.P. Woodford	2,807	-	-

No director had any material interest during the period in any contract significant in relation to the company's business.

Auditors

A resolution to reappoint Coopers & Lybrand Deloitte as the company's auditors will be proposed at the annual general meeting.

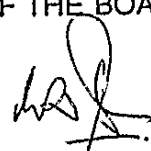
Income and Corporation Taxes Act 1988

The company is not a close company under the terms of the Act.

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

7th March 1991

BY ORDER OF THE BOARD



W.R.V. Archer
Secretary

PILLAR ELECTRICAL PLC

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the accounts on pages 5 to 15 in accordance with Auditing Standards.

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

London

7th March 1991

Cosper Raymond D. Smith

Chartered Accountants

PILLAR ELECTRICAL PLC

**PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST DECEMBER 1990**

	Notes	1990 £'000	1989 £'000
Dividends from subsidiary companies		6,697	6,119
Net interest receivable	1	9,838	8,920
Other operating income		4,050	3,100
		<hr/>	<hr/>
		20,585	18,139
Net operating costs	2	(3,699)	(4,069)
Amounts written off investments		-	(2,956)
		<hr/>	<hr/>
PROFIT BEFORE TAXATION	3	16,886	11,114
Tax on profit	6	(3,500)	(3,006)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR		13,386	8,108
Dividends	7	(10,300)	(7,325)
		<hr/>	<hr/>
TRANSFER TO DISTRIBUTABLE RESERVES	14	3,086	783
		<hr/>	<hr/>

An analysis of the movement on reserves is given in Note 14.

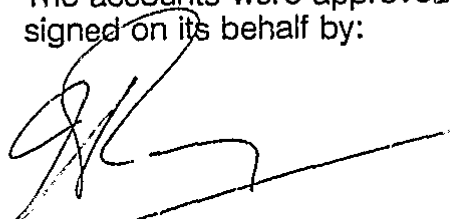
The policies and notes on pages 7 to 15 form part of these accounts.
Auditors' report - page 4.

PILLAR ELECTRICAL PLC

BALANCE SHEET 31ST DECEMBER 1990

		31st December 1990		31st December 1989	
	Notes	£'000	£'000	£'000	£'000
ASSETS EMPLOYED:					
FIXED ASSETS					
Investments	8		127,317		124,844
CURRENT ASSETS					
Debtors	9	378		360	
Investments	10	210		210	
Cash at bank and in hand		238		6,929	
		826		7,499	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
	11	(32,418)		(38,654)	
NET CURRENT LIABILITIES					
			(31,592)		(31,155)
TOTAL ASSETS LESS CURRENT LIABILITIES					
			95,725		93,689
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
	12		-		(1,050)
			95,725		92,639
FINANCED BY:					
CAPITAL AND RESERVES					
Called up share capital	13		11,597		11,597
Share premium account	14		74,870		74,870
Profit and loss account	14		9,258		6,172
			95,725		92,639

The accounts were approved by the Board of Directors on 7th March 1991 and are signed on its behalf by:



J.W. Ray
Chief Executive



E. Race
Finance Director

The policies and notes on pages 7 to 15 form part of these accounts.
Auditors' report - page 4.

PILLAR ELECTRICAL PLC

SOURCE AND APPLICATION OF FUNDS YEAR ENDED 31ST DECEMBER 1990

	1990 £'000	1989 £'000
SOURCE OF FUNDS		
Profit before taxation	16,886	11,114
ADJUSTMENT FOR ITEM NOT INVOLVING THE MOVEMENT OF FUNDS		
Provision for diminution in value of investments	-	2,956
TOTAL GENERATED FROM OPERATIONS	<u>16,886</u>	<u>14,070</u>
OTHER SOURCES		
Proceeds of issue of shares	-	20,000
Repayment of loans by subsidiary companies	3,620	8,067
Loan from holding company	1,100	9,185
Corporation tax repaid	-	3,452
Advances from subsidiaries	-	375
	<u>21,606</u>	<u>55,149</u>
APPLICATION OF FUNDS		
Dividends paid	(7,725)	(2,900)
Corporation tax paid	(3,191)	-
Acquisition of fixed asset investments	(6,093)	(44,272)
Loan stock redeemed	(31)	-
Loan notes redeemed	(310)	(155)
Loans to subsidiary companies	(370)	-
Loan repayment to fellow subsidiaries	(7,516)	(10,679)
	<u>(25,236)</u>	<u>(58,006)</u>
(INCREASE)/DECREASE IN NET CURRENT ASSETS OTHER THAN LIQUID FUNDS		
Debtors	(18)	(170)
Creditors	119	(1,049)
	<u>101</u>	<u>(1,219)</u>
	<u>(3,529)</u>	<u>(4,076)</u>
Investments	-	40
Cash at bank and in hand	(6,691)	1,080
Bank loans and overdrafts	3,162	(5,196)
NET DECREASE IN LIQUID FUNDS	<u>(3,529)</u>	<u>(4,076)</u>

The policies and notes on pages 7 to 15 form part of these accounts.
Auditors' report - page 4.

PILLAR ELECTRICAL PLC

NOTES TO THE ACCOUNTS

ACCOUNTING POLICIES

a) General

All accounting policies are consistent with those applied in the previous year with the exception of a change from year end to average translation of exchange for revenue items. The accounts are prepared under the historical cost convention.

b) Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Revenue transactions are recorded at the average rate against sterling for the year.

c) Taxation

The charge for taxation is based on the profit for the year as adjusted for disallowable items. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise.

d) Investments in Subsidiaries

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

e) Accounting Standards

These accounts have been prepared in accordance with statements of standard accounting practice (SSAPs) adopted by the Accounting Standards Board.

PILLER ELECTRICAL PLC

NOTES TO THE ACCOUNTS

	1990 £'000	1989 £'000
1 NET INTEREST RECEIVABLE		
Interest receivable and similar income:		
Bank deposit interest	908	1,150
Interest from group companies	9,778	8,742
	<hr/>	<hr/>
	10,686	9,892
Interest payable and similar charges on:		
Sum wholly repayable within five years	(848)	(972)
	<hr/>	<hr/>
	9,838	8,920
	<hr/>	<hr/>
2 NET OPERATING COSTS		
Employment costs (note 4)	1,283	897
Other external charges (net)	2,998	2,284
Exchange (gains)/losses	(582)	888
	<hr/>	<hr/>
	3,699	4,069
	<hr/>	<hr/>
3 PROFIT BEFORE TAXATION		
The following amounts have been charged in arriving at the profit before taxation		
Directors' emoluments including pension contributions (note 5):	363	409
	<hr/>	<hr/>
Auditors' remuneration	35	25
	<hr/>	<hr/>

PILLAR ELECTRICAL PLC

NOTES TO THE ACCOUNTS

	1990 £'000	1989 £'000
4 EMPLOYEE INFORMATION		
Average number of persons employed by the Company during the period, including executive directors	23	24
Employment costs including remuneration of all directors and employees were:	£'000	£'000
Wages and salaries	1,049	700
Social security costs	99	61
Other pension costs	135	136
	<hr/>	<hr/>
	1,283	897
	<hr/>	<hr/>

5 EMOLUMENTS OF DIRECTORS

Emoluments, excluding company pension contributions, in respect of individual directors of the company in the period:

	1990	1989
Chairman	-	-
Highest paid director	£152,398	£78,568
Others:		
Nil - £ 5,000	Five	Three
£55,001 - £60,000	-	Two
£60,001 - £65,000	-	One
£65,001 - £70,000	One	-
£70,001 - £75,000	-	One
£85,001 - £90,000	Two	-

PILLAR ELECTRICAL PLC

NOTES TO THE ACCOUNTS

	1990 £'000	1989 £'000
6 TAX ON PROFIT ON ORDINARY ACTIVITIES		
The charge for taxation is made up as follows:		
United Kingdom Corporation tax at 35% on the profit for the period	3,500	3,141
Prior year adjustment	-	(131)
Deferred taxation	-	(4)
	<u>3,500</u>	<u>3,006</u>

7 DIVIDENDS

Interim paid: 7.1p per share (1989 - 6.7p per share)	3,300	2,900
Final proposed: 15.1p per share (1989 - 9.5p per share)	7,000	4,425
	<u>10,300</u>	<u>7,325</u>

8 FIXED ASSETS: INVESTMENTS	Shareholdings £'000	Loans £'000	Total £'000
Subsidiary companies:			
Cost at 1 January 1990	93,207	45,785	138,992
Further capital introduced into existing subsidiaries	5,165	-	5,165
Payments to third parties	928	-	928
Loans repaid net of advances	-	(3,620)	(3,620)
	<u>99,300</u>	<u>42,165</u>	<u>141,465</u>
Cost at 31 December 1990			
	<u>12,038</u>	<u>2,110</u>	<u>14,148</u>

PILLAR ELECTRICAL PLC

NOTES TO THE ACCOUNTS

8	FIXED ASSETS: INVESTMENTS (continued)	Shareholdings £'000	Loans £'000	Total £'000
	Net Book Value at 31st December 1990	87,262	40,055	127,317
	Net Book Value at 1st January 1990	81,169	43,675	124,844

Subsidiary companies excepting those which were dormant are shown below. The interests marked with an * are held directly by Pillar Electrical Plc.

	Country of Incorporation and operation	Interest in equity share capital
Andrew Chalmers & Mitchell Limited	Great Britain	100%*
Circle Three AG	Switzerland	100%
Davis Alumex Lighting Limited	Great Britain	100%*
Davis Lighting Limited	Great Britain	100%*
Digital Audio Limited	Great Britain	100%*
Duraplug Electricals Limited	Great Britain	100%*
Ega Holdings Limited	Great Britain	100%*
Ega Limited	Great Britain	100%
Esser Sicherheitstechnik GmbH	Austria	100%
Esser Sicherheitstechnik GmbH	Germany	100%
Fleetwood Electrics Limited	Great Britain	100%*
Friedland Daggart Group Limited	Great Britain	100%*
Gent Limited	Great Britain	100%*
Gilflex Limited	Great Britain	100%*
Impectron SA	France	100%
Klaus Esser Nederland BV	Netherlands	100%
MK Electric Limited	Great Britain	100%*
MK Electric International Limited	Jersey	100%*
MK Electric (China) Limited	Hong Kong	100%
MK Electric GmbH & Co KG	Germany	100%
MK Electric (Malaysia) Sendirian Berhad	Malaysia	56%
MK Electric (Singapore) Pte Limited	Singapore	100%
Quadratus Limited	Hong Kong	100%
Select Electric (Malaysia) Sendirian Berhad	Malaysia	100%
Superswitch Electrical Appliances Limited	Great Britain	100%*

PILLAR ELECTRICAL PLC

NOTES TO THE ACCOUNTS

8	FIXED ASSETS: INVESTMENTS (continued)	Country of Incorporation and operation	Interest in equity share capital
	TP Electricals Limited	Great Britain	100%*
	Trend Control Systems Limited	Great Britain	100%*
	Trend Control Systems (Asia) Limited	Hong Kong	100%
	Trend Regulation SA	France	100%
	V&E Friedland Limited	Great Britain	100%
	V&E Friedland GmbH	Germany	100%

The company has interests in associated companies as detailed below. All these interests are held through subsidiaries.

	Country of incorporation and operation	Interest in equity share capital
Hawa - MK Electrical Accessories Co. Limited	Saudi Arabia	30%
Intelligent Controls Inc.	U.S.A.	24%
Kuwait Electrical Wiring Accessories Company WLL	Kuwait	40%
MK Electric (India) Limited	India	40%
MK Electric (Zimbabwe) Pty Limited	Zimbabwe	49%
Saudi Ega Limited	Saudi Arabia	49%
Trend Control (Danmark) A/S	Denmark	39%

The operations of the Kuwaiti associate were suspended without warning on 2nd August 1990, following the invasion of Kuwait by Iraqi forces.

PILLAR ELECTRICAL PLC

NOTES TO THE ACCOUNTS

	1990 £'000	1989 £'000
9 DEBTORS		
Prepayments and accrued income	-	18
Other debtors	378	342
	<hr/>	<hr/>
	378	360
	<hr/>	<hr/>
10 CURRENT ASSET INVESTMENTS		
Certificates of tax deposit	210	210
	<hr/>	<hr/>
11 CREDITORS		
Amounts falling due within one year		
7.5% unsecured loan stock	1,050	31
9% unsecured loan notes	-	264
Floating rate unsecured loan notes	88	134
Bank loans and overdrafts	9,455	12,617
United Kingdom corporation tax	3,394	3,085
Other creditors and accruals	657	538
Amount owed to fellow subsidiaries	-	7,516
Amount owed to holding company	9,985	8,885
Amount owed to subsidiaries	789	1,159
Dividend	7,000	4,425
	<hr/>	<hr/>
	32,418	38,654
	<hr/>	<hr/>
12 CREDITORS		
Amounts falling due after more than one year		
7.5% unsecured loan stock	-	1,050
	<hr/>	<hr/>

PILLAR ELECTRICAL PLC

NOTES TO THE ACCOUNTS

	1990 £'000	1989 £'000
13 SHARE CAPITAL		
Ordinary shares of 25p each: Authorised: 52,000,000 shares	13,000	13,000
Allotted, called up and fully paid: 46,386,948 shares	11,597	11,597

14 RESERVES

	Share premium £'000	Profit and loss account £'000	Total £'000
At 1 January 1990	74,870	6,172	81,042
Profit for the period	-	3,036	3,086
At 31 December 1990	74,870	9,258	84,128

15 CONTINGENT LIABILITIES

The company has guaranteed the bank borrowing facilities of certain of its group companies. Outstanding drawings under these facilities amounted to £3.7 million. (1989 - £11.8 million)

The company has given performance guarantees in respect of contracts obtained by subsidiary companies in the normal course of business.

The directors are of the opinion that no material loss will arise under these arrangements.

16 POST BALANCE SHEET EVENT

On 1 January 1991 the company transferred its management functions to RTZ Pillar Limited. The company continues to hold investments in subsidiaries.

17 ULTIMATE HOLDING COMPANY

The RTZ Corporation PLC, incorporated in Great Britain, is the company's ultimate holding company.

The Auditors' report is on page 4.