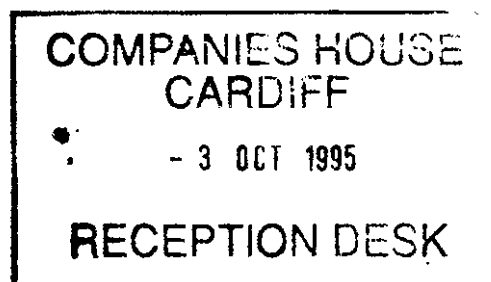


CARADON PILLAR LIMITED
(Registered Number 994043)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1994



CARADON PILLAR LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1994

The Directors present their annual report together with the audited financial statements for the year ended 31 December 1994.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

Caradon Pillar Limited is a wholly-owned subsidiary of Caradon plc and is a holding company for a diversified industrial group, serving markets which include construction, automotive and general engineering, aviation and defence.

The Group's operations are co-ordinated through the following operating groups.

The Pillar Building Products 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.

The Pillar Engineering group comprises the aviation support, automotive, general engineering and distribution 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 distribution and distribution of products to the engineering and construction industries.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £8.6m (Year ended 31 December 1993, profit: £155.9m). It is recommended that this amount be dealt with as follows:

	<u>1994</u> £'000	<u>1993</u> £'000
Ordinary dividends		
- interim paid	5,500	265,000
- final paid	7,700	-
Retained (loss) deducted from reserves		
	<u>(4,600)</u>	<u>(109,100)</u>
	<u>8,600</u>	<u>155,900</u>

CARADON PILLAR LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1994 (continued)

DIRECTORS AND DIRECTORS' INTERESTS

The composition of the Board of Directors during the year, and to the date of this report, was as follows:

D C Cohen
P J Hewett
P J Jansen

The interests of P J Jansen, D C Cohen and P J Hewett in the issued Ordinary share capital, Preference shares and loan notes of Caradon plc are disclosed in the financial statements of Caradon plc, the ultimate parent undertaking.

No Director was or is immediately interested in any contract subsisting during or at the end of the year which was significant in relation to the Company's business.

The Company has continued to provide liability insurance for its Directors and officers as permitted by the Companies Act 1985.

FIXED ASSETS

Information relating to the tangible fixed assets of the Company is given in note 9.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of Price Waterhouse as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board



K D RICHARDSON
SECRETARY

28 April 1995

CARADON PILLAR LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act 1985 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for the financial year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to do so.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CARADON PILLAR LIMITED

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
CARADON PILLAR LIMITED**

We have audited the financial statements on page 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective Responsibilities of Directors and Auditors

As described on page 3 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 1994 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Price Waterhouse
Chartered Accountants and
Registered Auditors
Southwark Towers
32 London Bridge Street
London SE1 9SY

28 April 1995

CARADON PILLAR LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1994**

	Notes	1994 £'m	1993 £'m
TURNOVER			
Continuing activities		<u>-</u>	<u>-</u>
Administrative expenses		-	(6.9)
Other operating income		<u>0.8</u>	<u>12.0</u>
OPERATING PROFIT	3	0.8	5.1
Income from shares in subsidiary undertakings		7.7	151.2
Net interest	6	<u>-</u>	<u>1.7</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		8.5	158.0
Taxation on profit on ordinary activities	7	<u>0.1</u>	<u>(2.1)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		8.6	155.9
Dividends	8	<u>(13.2)</u>	<u>(265.0)</u>
RETAINED LOSS FOR THE YEAR	14	<u>(4.6)</u>	<u>(109.1)</u>

Movement on reserves is disclosed in note 14.

The notes on pages 7 to 16 form part of these financial statements.

The Company has had no recognised gains or losses other than those passing through the profit and loss account.

CARADON PILLAR LIMITED
BALANCE SHEET AS AT 31 DECEMBER 1994

			<u>1994</u>		<u>1993</u>
	<u>Notes</u>	<u>£'m</u>	<u>£m</u>	<u>£'m</u>	<u>£'m</u>
FIXED ASSETS					
Tangible assets	9	-		0.3	
Investments	10	<u>133.4</u>		<u>133.4</u>	
			133.4		133.7
CURRENT ASSETS					
Debtors	11	200.0		291.5	
Cash at bank and in hand		<u>-</u>		<u>5.1</u>	
		200.0		296.6	
CREDITORS (amounts falling due within one year)	12	<u>(10.9)</u>		<u>(103.2)</u>	
NET CURRENT ASSETS			<u>189.1</u>		<u>193.4</u>
			<u>322.5</u>		<u>327.1</u>
CAPITAL AND RESERVES					
Called up share capital	13		320.0		320.0
Profit and loss account	14		<u>2.5</u>		<u>7.1</u>
	15		<u>322.5</u>		<u>327.1</u>

The notes on pages 7 to 16 form part of these financial statements.

These financial statements were approved by the Board of Directors on 28 April 1995.


P J HEWETT
DIRECTOR

CARADON PILLAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements:

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention.

(b) Turnover

Turnover represents the invoiced value of sales made to third parties, net of Value Added Tax, and in 1994 included recharges to group companies.

(c) Depreciation and Amortisation

Tangible fixed assets are stated at cost. Short leasehold properties are amortised over the life of the lease.

For all other assets, depreciation is provided to write off the book amount of those assets over their expected useful lives at the following rates per annum:

Leasehold improvements	over the life of the lease
Plant, machinery and tools	15-25%

(d) Leases and Hire Purchase Contracts

Rentals under operating leases are charged to the profit and loss account, as incurred, over the term of the lease.

(e) Foreign Currencies

Trading items are translated into sterling at average rates of exchange for the relevant accounting period. Balance sheet items in foreign currencies are translated into sterling at mid-market rates of exchange at the balance sheet date. All foreign currency gains and losses are taken to the profit and loss account.

CARADON PILLAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(f) Pensions

The retirement benefit obligations of the Company are financed by contributions to separate funds, which are subject to actuarial valuations every three years.

Pension costs in respect of employees who are members of the Caradon Group's Pension Schemes are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the Schemes.

2. TURNOVER

The source of all turnover of the Company is within the United Kingdom and is derived from the Company's principal activities.

3. OPERATING PROFIT

Operating profit is stated after the following:

	Year ended 31 December 1994 £'000	Year ended 31 December 1993 £'000
Auditors remuneration:		
- audit	33	154
- other services	-	222
Depreciation charge for the year		
- tangible fixed assets	-	426
Rentals payable under operating leases:		
- land and buildings	-	819
- plant and machinery	-	72
Profit on sale of fixed assets	-	(11)

CARADON PILLAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. STAFF NUMBERS AND COSTS

The average number of persons employed by the Company (including Directors) during the year was Nil (1993: 51).

	£'000	£'000
The aggregate payroll cost of these persons was:		
Wages and salaries	-	3,749
Social security costs	-	-
Other pension costs	<u>-</u>	<u>103</u>

5. EMOLUMENTS OF DIRECTORS

- (a) The aggregate remuneration (including pension contributions) of the Directors paid by the Company was: £Nil (1993: £1,253)

	Year ended 31 December 1994 £'000	Year ended 31 December 1993 £'000
Remuneration	-	725
Compensation for loss of office	<u>-</u>	<u>528</u>
	<u>-</u>	<u>1,253</u>

- (b) Emoluments (excluding pension contributions) of the Directors were:

i. Chairman	-	-
ii. The highest paid Director	-	164

	Number	Number
£ 0 - £ 5,000	3	9
£ 40,001 - £ 45,000	-	1
£ 55,001 - £ 60,000	-	2
£100,001 - £105,000	-	1
£120,001 - £125,000	-	1
£140,001 - £145,000	-	1
£160,001 - £165,000	<u>-</u>	<u>1</u>
	<u>3</u>	<u>16</u>

All the Directors are remunerated by Caradon plc, the ultimate holding company of Caradon Pillar Ltd.

CARADON PILLAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. NET INTEREST

	Year ended 31 December 1994	Year ended 31 December 1993
	£'m	£'m
Intercompany interest receivable	<u>-</u>	<u>(1.7)</u>

7. TAXATION

	Year Ended 31 December 1994	Year ended 31 December 1993
	£'m	£'m
Taxation on the profit for the year		
United Kingdom Corporation Tax		
at 33.0% (1993:33.0%)	<u>(0.1)</u>	<u>2.1</u>
	<u>(0.1)</u>	<u>2.1</u>

8. DIVIDENDS PAID AND PAYABLE

	Year ended 31 December 1994	Year ended 31 December 1993
	£'m	£'m
Interim dividend paid	5.5	265.0
Final dividend paid	<u>7.7</u>	<u>-</u>
	<u>13.2</u>	<u>265.0</u>

CARADON PILLAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. TANGIBLE FIXED ASSETS

	Plant, machinery and tools £'m
Cost:	
At 1 January 1994	1.0
Disposals	<u>(1.0)</u>
At 31 December 1994	<u>-</u>
Depreciation:	
At 1 January 1994	0.7
Disposals	<u>(0.7)</u>
At 31 December 1994	<u>-</u>
Net book value:	
At 31 December 1994	<u>-</u>
At 31 December 1993	<u>0.3</u>

10. FIXED ASSET INVESTMENTS

	£'m
1 January 1994 and 31 December 1994	<u>133.4</u>

CARADON PILLAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Principal subsidiary undertakings are as follows:

Name	Activity
<u>Caradon Industries Limited</u>	Holding company
Caradon Pillar Europe Limited	Investment holding company
Rallip Properties Limited	Property leasing
<u>Pillar Building Products Limited</u>	Holding company
Air Diffusion Devices Limited	Ventilation terminal equipment
Architectural Seals Limited	Draught exclusion products
Catnic Limited*	Steel lintels and domestic garage doors
Duraflex Limited	UPVC and aluminium window, door and roofing systems
Estabelecimentos Manuel Ferreira Lda, (Portugal)	Aluminium systems and finishing
Frederick Jones & Son (Oswestry) Limited	Steel lintels and covers for non-residential construction market
Grada International Holding NV (Belgium)	Air terminal devices
Pillar Naco Industries (Europe) Srl (Italy)	Louvre window products and sunbreakers
Pillar Portuguesa (Aluminio) Portalex, SA (Portugal)	Aluminium extrusions
Pillar-Wedge Group Limited	Hot zinc galvanising
Samson Lintels Limited	Steel lintels
Streamline Building Products Ltd	Glass fibre reinforced gypsum panels
Tecnilaca-Lacagem de Metais, Lda (Portugal)	Aluminium finishing
<u>Pillar Engineering Limited</u>	Holding company
AEM Limited	Overhaul of aircraft components
Attewell Limited	Shims and gaskets
EET Limited	Welded tube for radiators and heat exchangers
Frank Parker & Co Limited	Distribution of contractors' supplies
H&S Aviation Limited	Overhaul of aero-engines
John Lee (Sacks) Limited	Packaging materials
MBS Distribution Limited	Distribution of fasteners
Peak Engineering Company Limited	Precision machined components

CARADON PILLAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. FIXED ASSET INVESTMENTS (CONTINUED)

Pneumatic Components Limited	Pneumatic equipment and motor accessories
Pressweld Limited	Bright aluminium trim components
Protofram Limited	Distribution of high quality hand tools
Stedall (Vehicle Fittings) Ltd	Distribution of commercial vehicle fittings
AG Strachan & Company Limited	Distribution of contractors' and engineers' supplies

In the opinion of the Directors the aggregate value of the Company's investment in and advances to its subsidiary undertakings is not less than the aggregate amount at which they are stated in the balance sheet.

Caradon Industries, Pillar Building Products Limited and Pillar Engineering Limited are immediate subsidiaries of the Company. The other companies are subsidiaries of one of these companies, as shown.

Except where otherwise indicated, subsidiaries are registered in England and Wales and wholly owned with corresponding voting rights. The existence of more than one class of share capital is indicated by an asterix.

The Company is a wholly owned subsidiary of Caradon plc, a company registered in England & Wales thus under Section 228 of the Companies Act 1985 is exempt from producing group financial statements.

CARADON PILLAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. DEBTORS

	31 December 1994	31 December 1993
	£'m	£'m
Amounts owed by parent undertaking and fellow subsidiary undertakings	198.4	291.5
ACT Receivable	1.4	-
Other debtors	<u>0.2</u>	<u>-</u>
	<u>200.0</u>	<u>291.5</u>

**12. CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR**

	31 December 1994	31 December 1993
	£'m	£'m
Bank overdraft	-	0.2
Amounts owed to Parent undertaking	7.7	-
Amounts owed to fellow subsidiary undertakings	1.4	99.0
Other creditors	0.4	0.5
ACT Payable	1.4	0.9
Social security and other taxes	-	1.9
Accruals and deferred income	<u>-</u>	<u>0.7</u>
	<u>10.9</u>	<u>103.2</u>

13. SHARE CAPITAL

	31 December 1994	31 December 1993
	£'m	£'m
Authorised:		
320,000,000 Ordinary shares of £1 each	<u>320</u>	<u>320</u>
Allotted, issued and fully paid:		
320,000,000 Ordinary shares of £1 each	<u>320</u>	<u>320</u>

CARADON PILLAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. RESERVES

	<u>Profit & Loss Account</u> £'m
Balance at 1 January 1994	7.1
Retained loss deducted for the year	<u>(4.6)</u>
Balance at 31 December 1994	<u><u>2.5</u></u>

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	31 December 1994 £'m	31 December 1993 £'m
Profit for the financial year	8.6	155.9
Dividends	<u>(13.2)</u>	<u>(265.0)</u>
Net addition/(reduction) to shareholders	(4.6)	(109.1)
Opening shareholders' funds	<u>327.1</u>	<u>436.2</u>
Closing shareholders' funds	<u><u>322.5</u></u>	<u><u>327.1</u></u>

16. CASHFLOW STATEMENT

A consolidated cash flow statement has been included in the accounts of the parent company which include the accounts of Caradon Pillar Limited.

Accordingly, as permitted by FRS1, no cash flow statement is presented with these accounts.

17. CONTINGENT LIABILITIES

Under unlimited multilateral guarantees the Company, in common with certain other Group companies, has jointly and severally guaranteed the obligations falling due under the Group's overdraft facilities.

CARADON PILLAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Caradon plc a company registered in England & Wales. The Caradon Group is the largest and smallest group of which the Company is a member and for which group accounts are prepared. Copies of these group financial statements can be obtained from Caradon plc, Caradon House, 24 Queens Road, Weybridge, Surrey, KT13 9UX.