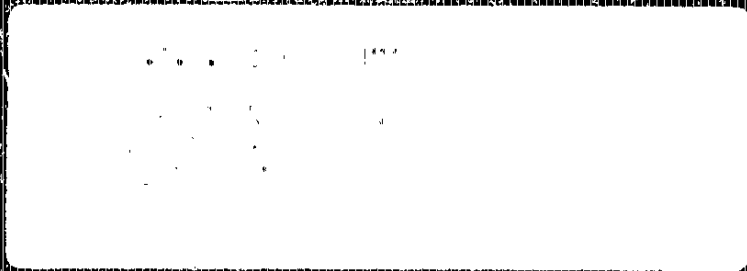


RTZ
PILLAR



P.T.Z. PILLAR LIMITED

CONVENES

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R.T.Z. PILLAR LIMITED

DIRECTORS OF THE COMPANY

D. Edwards
Chairman and Chief Executive

R. Adams

J.D. Birkin

D.E. Davey

M.M. Freeman

D.R. Miller

R.W.F. Penny

G.H. Sage

W.E. Stracey

OFFICERS OF THE COMPANY

K.J. Armit

B.R. Chisholm

J.W. Lewis

I.C. Mitchell

S.A. Smith

B.P. Woodford

Taxation

Controller/Treasurer

Group Systems

Company Secretary

Chief Accountant

Planning and Evaluation

CHAIRMAN'S STATEMENT

GROUP TRADING

Despite relatively stable economic conditions in the United Kingdom and North America the Group's results for 1985 were lower than the record level achieved in 1984. Year end exchange rates which have been used to translate overseas profits into sterling have changed materially since the end of last year and this has adversely affected the reported profit before tax for 1985 by about £10.0m.

Overseas, the North American interests again reported record results. It has also been another successful year for most of the Group's operations in the United Kingdom. However, demand for home improvement products which began to decline during the second half of 1984 deteriorated further during 1985 and this had a significant effect on the profits of those companies serving this market.

Group sales to third parties were £1,062.5m compared with £1,175.0m in 1984. Profit before taxation amounted to £77.7m in 1985 compared with £88.2m in 1984, a reduction of 12%. After tax and outside shareholders interests, the Group's earnings were £45.4m compared with £54.3m in 1984 a reduction of 16%. The proportionately greater reduction in net earnings was due to an increased overseas contribution to profits which were subject to higher effective tax rates and minority interests than United Kingdom profits.

The Group again achieved a satisfactory return on assets employed.

PILLAR ALUMINIUM GROUP

Sales for the year were £351.4m compared with £366.0m in 1984 and the profit before taxation was £21.6m compared with £33.4m in 1984.

The weakness in the home improvement market which was precipitated by the imposition of Value Added Tax in 1984, has continued for longer than was expected a year ago and the rate of recovery has been retarded by continuing high interest rates and wide spread unemployment. Furthermore activity in the housing market has slowed down, with the result that householders have become more cautious in their approach to home improvement expenditure. These factors have had an adverse effect on the results of several of the companies which are directly or indirectly involved in this market and account for the reduction in profits compared with last year. There were, however, signs of recovery in the last quarter of 1985.

A significant part of the sales of the U.K. extrusion companies are to the home improvement sector and, consequently, they were unable to achieve higher sales. Moreover both selling prices and profit margins were under pressure from the over-capacity in the industry. The Portuguese extrusion company has had another good year in spite of the low level of building activity in that country.

The roll forming companies have again had a successful year while the steel lintel company has continued to produce excellent results. The prime window companies have struggled to maintain their overall level of profit in a very depressed market.

New investment included the acquisition of two companies, one of which manufactures domestic garage doors and the other hardwood windows.

PILLAR ENGINEERING GROUP

Sales for the year were £226.6m compared with £200.6m in 1984 and the profit before taxation was £13.7m compared with £12.7m in 1984.

It was another good year for the Pillar Engineering group despite the weakening of the U.S. dollar in the second half which adversely affected the aero-engine overhaul company. Aviation support was, nevertheless, once again the principal profit earner. The engine overhaul activities had a successful year and undertook work for the first time on the General Electric CT7 and Rolls-Royce Nimbus engines.

Most other main business areas achieved increases in profits. Manufacture of tyre inflation equipment, engineering component manufacture, galvanising and the distribution of engineering supplies, contractors' supplies and motor vehicles all did well, whilst the company that manufactures floodlighting equipment had a particularly good year.

Investments during the year included a new galvanising business, completion of new machining and plating facilities at Ramsgate to support aircraft component overhaul, and an extension to the main turbo-shaft engine overhaul factory at Portsmouth. Improvements have also been made to the facilities of the group's businesses involved in the distribution of motor vehicles and engineering and contractors' supplies.

The group disposed of the diecasting company and the welding supplies business was sold after the end of the year.

INDAL GROUP

Sales were C\$942.9m (£466.5m) compared with C\$846.7m (£533.1m) in 1984. Profit before taxation was C\$76.6m (£37.9m) compared with C\$62.0m (£40.5m) in 1984. These results were a record for the Indal group, as stable interest rates produced favourable conditions in most of its North American markets.

U.S. residential construction and automotive production retained the strength exhibited in 1984 enabling group operations serving these markets to enjoy record earnings. Housing starts in the United States were 1.7 million, the third successive year at about this level, and car and truck production reached 13.6 million units, the best year for the industry since 1978. Low-rise, non-residential construction also showed a welcome recovery in the wake of strong new housing markets. This enabled the glass tempering and aluminium fabricating companies to complete another successful year.

The manufacture of helicopter hauldown systems provided the mainstream of earnings for the design engineering operations which once again made a significant contribution to profits.

The weakest markets for the group continued to be the western provinces of Canada where construction activity remained stagnant and the West Coast of the United States where severe competition was encountered. Rationalization of Western Canadian operations has taken place and will result in a smaller, more efficient division better able to operate in reduced market conditions.

During the year the group acquired majority interests in two Canadian companies manufacturing respectively laminated glass products and die cast aluminium products for automotive and industrial applications.

METRO INDUSTRIES GROUP

Following discussions with the board of Metro Industries Ltd., an Australian publicly quoted company, it was agreed in July 1985 that Metro should acquire the Pillar Pacific group for A\$7.7m cash and the issue of 7.3 million Metro shares. The Group also acquired 29.5% of Metro previously held by RTZ and now owns 49.99% of Metro. The Group's results include its share of the Metro profits.

Sales of the Metro Industries group in 1985 amounted to A\$120.9m compared with A\$67.7m in 1984 and the profit before taxation was A\$7.8m compared with A\$2.1m in 1984. The 1985 results include Pillar Pacific for the second half of the year.

The group increased its earnings compared with 1984 following the acquisition of Pillar Pacific and also as a result of improved trading conditions in several of its operations.

The roll forming operation performed well reflecting the strength of the domestic housing market in Western Australia as did those companies serving the industrial manufacturing and metals markets following reasonable demand in the construction industry.

The companies involved in specialised welding and offshore oil and gas related contracting had disappointing results because of the absence of new resource development work but this is expected to improve in 1986.

Demand in the residential construction markets in Victoria and New South Wales remained at the satisfactory level of the previous year and this enabled the companies engaged in this market to produce improved results. A new window operation was also started in South Australia. The building distribution operation in Sydney was able to improve margins and produce a substantial increase in profit despite continuing strong competition. A major increase in State Government spending in Queensland helped the louvre window activity to increase profits.

FINANCE

Whilst cost inflation continued at a relatively low level during 1985, the year was marked by volatile exchange rates and high real terms interest rates in all the countries where the Group operates.

Earnings after taxation and interests of outside shareholders amounted to £45.4m compared with £54.3m in 1984. United Kingdom taxation has been reduced by £11.2m in 1985 (£11.0m in 1984) as a result of a continuation of intra-group arrangements whereby unrelieved advance corporation tax of RTZ has been offset against the taxation liability of group companies for nil consideration.

There was a net extraordinary item profit of £1.5m consisting of profits on the sale of property less costs arising from the discontinuance and reorganisation of activities.

Group reserves decreased during the year by £10.9m. Retained profit for the year amounted to £26.5m, after provision for dividends of £20.4m. Provision has also been made for losses of £21.2m arising on the translation of sterling of net assets of overseas subsidiaries and associates and £15.2m of the Group's goodwill has been written off against reserves in accordance with the recent accounting standard. Goodwill arising on the acquisition of companies is now being amortised over a period not exceeding twenty years.

During the year the Group's net borrowings decreased by £8.8m. An interest free loan of £55m was received from RTZ and this enabled a substantial part of the United Kingdom Bank borrowings to be repaid and remaining facilities reorganised. It is intended to convert this loan into share capital during 1986.

Capital expenditure during 1985 totalled £39.1m compared with £43.7m in 1984. This included a major expansion of the window manufacturing operation in the United States, as well as selective additions to capacity in many of the Group's plants.

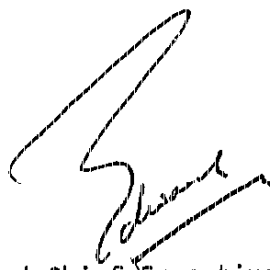
The level of working capital in the Group's operations was again closely controlled and with a healthy financial position, all areas of the Group are well placed for the future.

CONCLUSION

Most parts of the Group performed well during 1985 and there were some exceptional performances in our European and North American operations. Unfortunately, the weakness of the United Kingdom home improvement market resulted in disappointing figures for that particular area of the Group and this situation along with the currency translation factor was sufficiently significant to seriously affect the overall group profits.

There have however been indications during the last few months that the level of demand for home improvement products is beginning to recover although it is still too early to know whether this will be sustained in view of persistently high interest rates. There are also encouraging signs that economic activity in North America will continue at a healthy level for the rest of 1986. I take a reasonably optimistic view of the general outlook for our businesses and anticipate further satisfactory results in the forthcoming year.

I should like to thank everyone for their personal contribution to the continuing success of the Group.



Chairman and Chief Executive
18 March 1986

R.T.Z. PILLAR LIMITED

REPORT OF THE DIRECTORS

To be presented to the sixteenth Annual General Meeting to be held on 9 May 1986 at 12.00 noon.

The Directors submit their report and the audited accounts for the year ended 31 December 1985.

COMPOSITION AND ACTIVITIES OF THE GROUP AND PRINCIPAL CHANGES

R.T.Z. Pillar Limited is a wholly-owned subsidiary of The Rio Tinto-Zinc Corporation PLC ("RTZ") and is a diversified industrial company with operating subsidiaries, associates and divisions in Europe, Canada, the United States of America and Australia.

The Group has four principal constituent parts:

The Pillar Aluminium Limited group incorporates the aluminium and steel interests of RTZ Pillar in the United Kingdom and mainland Europe and consists of thirty companies operating through some eighty factories and depots. Its activities cover the semi-fabricating, surface finishing and distribution of aluminium, steel and other metals and the manufacture and supply of aluminium components for the building, home improvement, automotive and domestic appliance markets and for engineering and general industrial uses. In addition, there are chemical trading and distribution interests.

During 1985, the Pillar Aluminium group acquired Garador Limited, a manufacturer of steel garage doors and Duncan Timber Products Limited, a manufacturer of hardwood windows.

The Pillar Engineering Limited group consists of forty-nine companies operating in the United Kingdom through some eighty-three factories, depots and motor vehicle dealerships. Principal areas of activity include aero-engine and aircraft component overhaul, manufacture of precision components for aerospace, automotive and general industrial applications, manufacture of floodlighting systems and tyre inflation equipment, galvanising, distribution of engineering and contractors' supplies and motor vehicles and manufacture and merchanting of sacks.

During 1985, the Pillar Engineering group acquired an additional galvanising business, now trading as Acrow Galvanising Limited, and two additional depots for distribution of engineering and contractors' supplies. Strebor Diecasting Co. Limited was sold.

After the end of the year, the group disposed of its interest in Welding Rods Limited together with that company's subsidiaries.

The Indal Limited group (60.7% owned) is a diversified North American industrial organisation. There are twenty subsidiaries and divisions in Canada and fifteen subsidiaries and divisions in the United States.

Markets served by the Indal group include residential construction, non-residential construction, home improvement and consumer, and industrial, which includes automotive and design engineering. Indal companies recycle and extrude aluminium, cold rollform and stamp aluminium and steel, temper and laminate glass and fabricate a broad range of metal, wood and glass products.

During 1985, the Indal group purchased majority shareholdings in Lamilite Limited, a Canadian manufacturer of laminated glass products, and in Brampton Foundries Limited, a Canadian manufacturer of aluminium castings for the automotive and electrical markets. In addition the group purchased the remaining minority shareholdings in Lock-West Windows Limited and Kabinart Corporation, following which the former was amalgamated with Indal Limited and after the end of the year the assets of the latter were sold to a group of private investors. The Indal Products Rebmec Division was wound up.

The Metro Industries Ltd. group (49.99% owned) is based in Australia and operates through factories and depots in Western Australia, New South Wales, Victoria and Queensland. During 1985 RTZ Pillar's interest in Australia was restructured by the sale of the Pillar Pacific group, previously 100% owned, to Metro Industries Ltd., an Australian publicly quoted company. The group's activities include the supply, manufacture and servicing of industrial products to the resource sector and the manufacture and supply of timber, steel and aluminium windows, general industrial fastenings and the distribution of a wide range of building products and materials.

REVIEW OF ACTIVITIES

The results of the Group for the year are set out on page 9. The turnover and profit before taxation of the different classes of business of the Group are shown in note 2 to the accounts. The development of the business of the Group during the year and the year end financial position were satisfactory and a detailed review of operations is given in the Chairman's statement.

DIVIDENDS

An interim dividend in respect of the year ended 31 December 1985 of £6,800,000 was paid by the Company on 21 October 1985 to the holders of Ordinary Shares in the Company on 18 October 1985. The Directors recommend a final dividend for the year of £13,600,000 payable on 21 May 1986.

FIXED ASSETS

The changes in the Group's fixed assets during the year are set out in note 10 to the accounts.

DIRECTORS

The present composition of the Board of Directors is set out on page 1. Mr. P.H. Dean and Sir Anthony Tuke resigned as Directors with effect from 31 March 1985 and Mr. R. Adams and Mr. J.D. Birkin were appointed Directors as from 1 April 1985.

DIRECTORS' INTERESTS

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 RTZ or any of its subsidiaries, were as follows:

		Holdings	
		31 December 1985	31 December 1984*
R. Adams		-	-
D.E. Davey	RTZ Ord. Shares	2,565	2,565
	RTZ Con. Loan Stock	£1,099	£1,099
M.M. Freeman	RTZ Ord. Shares	196	196
D.R. Miller		-	-
R.W.F. Penny		-	-
G.H. Sage	RTZ Ord. Shares	1	1
W.E. Stracey	Indal Shares	4,336	4,336

* or date of appointment if later.

Note: The above list does not include any shareholdings of Directors who are also Directors of RTZ, namely Messrs. D. Edwards and J.D. Birkin.

Abbreviations:

RTZ Ord. Shares:

Ordinary Shares of 25p each of The Rio Tinto-Zinc Corporation PLC

RTZ Con. Loan Stock:

9.5% Convertible Unsecured Loan Stock 1995/2000 of The Rio Tinto-Zinc Corporation PLC

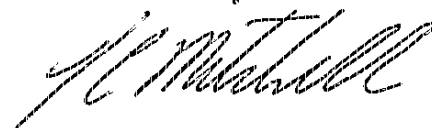
Indal Shares:

Common Shares of npv of Indal Limited

AUDITORS

A resolution will be proposed at the forthcoming Annual General Meeting reappointing Coopers & Lybrand as Auditors of the Company in accordance with Section 384 (1) of the Companies Act 1985.

BY ORDER OF THE BOARD



Secretary

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

18 March 1986

R.T.Z. PILLAR LIMITED AND SUBSIDIARY COMPANIES

GROUP PROFIT AND LOSS ACCOUNT YEAR ENDED 31 DECEMBER 1985

	Notes	1985 £'000	1984 £'000
TURNOVER	2	1,062,454	1,175,005
NET OPERATING COSTS	3	974,572	1,073,387
OPERATING PROFIT		87,882	101,618
LESS INTEREST	6	10,229	13,438
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	77,653	88,180
TAX ON PROFIT ON ORDINARY ACTIVITIES	7	20,930	19,497
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		56,723	68,683
ATTRIBUTABLE TO OUTSIDE SHAREHOLDERS		11,323	14,406
PROFIT BEFORE EXTRAORDINARY ITEMS		45,400	54,277
EXTRAORDINARY ITEMS	8	1,475	(6,832)
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO RTZ PILLAR SHAREHOLDERS		46,875	47,445
DIVIDENDS			
Interim paid		6,800	7,800
Proposed final payable May, 1986		13,600	16,600
		20,400	24,400
RETAINED PROFIT FOR YEAR		26,475	23,045
STATEMENT OF GROUP RESERVES			
RESERVES AT BEGINNING OF YEAR		143,695	107,027
RETAINED PROFIT FOR YEAR		26,475	23,045
DIRECT RESERVE MOVEMENTS	21		
Exchange losses less profits		(21,235)	12,431
Prior years' goodwill written off		(15,163)	-
Other movements		(935)	1,192
RESERVES AT END OF YEAR		132,837	143,695

The auditors' report is on page 31.

R.T.Z. PILLAR LIMITED AND SUBSIDIARY COMPANIES

GROUP BALANCE SHEET 31 DECEMBER 1985

	Notes	1985 £'000	1984 £'000
FIXED ASSETS			
Intangible assets - goodwill	9	22,800	49,783
Tangible assets	10	156,568	171,318
Investments	12	10,618	1,688
		189,986	222,189
CURRENT ASSETS			
Stocks	13	152,205	181,981
Debtors	14	253,002	246,135
Taxation recoverable		-	409
Cash at bank and in hand		40,323	22,416
		445,530	450,941
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Short-term borrowings	15	28,954	44,123
Creditors	16	142,228	147,762
Taxation payable		12,599	20,093
Proposed final dividend of R.T.Z. Pillar Limited		13,600	16,600
		197,381	228,578
NET CURRENT ASSETS		248,149	222,363
TOTAL ASSETS LESS CURRENT LIABILITIES		438,135	444,552
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Loans	17	44,366	76,324
Finance lease obligations	18	8,171	6,961
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	19	5,075	4,228
		57,612	87,513
		380,523	357,039
CAPITAL AND RESERVES			
Called up share capital	20	115,000	115,000
Revaluation reserve	21	1,738	6,832
Other reserves	21	6,389	14,309
Profit and loss account	21	124,710	122,554
RTZ PILLAR SHAREHOLDERS' INTEREST		247,837	258,595
INTEREST-FREE LOAN FROM HOLDING COMPANY	22	55,000	-
OUTSIDE SHAREHOLDERS' INTEREST	23	77,686	98,344
		380,523	357,039

The auditors' report is on page 31.

R.T.Z. PILLAR LIMITED

BALANCE SHEET 31 DECEMBER 1985

	Notes	1985 £'000	1984 £'000
FIXED ASSETS			
Tangible assets	11	304	317
Investments in subsidiary companies at cost	24	98,497	38,819
		98,801	39,135
CURRENT ASSETS			
Amounts owed by subsidiary companies	24	77,488	105,166
Debtors	14	408	155
Cash at bank and in hand		22,573	-
		100,469	106,321
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Short-term borrowings	15	-	1,024
Creditors	16	237	585
Amounts owed to subsidiary companies		3,233	15
Proposed final dividend		13,600	16,400
		17,070	18,225
NET CURRENT ASSETS		83,399	88,096
TOTAL ASSETS LESS CURRENT LIABILITIES		182,200	127,232
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR - Loan	17	-	784
		182,200	128,448
CAPITAL AND RESERVES			
Called up share capital	20	115,000	115,000
Profit and loss account	21	12,200	11,448
		127,200	126,448
INTEREST-FREE LOAN FROM HOLDING COMPANY	22	55,000	-
		182,200	126,448

(Director)

(Director)

The auditors' report is on page 31.

R.T.Z. PILLAR LIMITED AND SUBSIDIARY COMPANIES

GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS YEAR ENDED 31 DECEMBER 1985

	Note	1985 £'000	1984 £'000
FUNDS GENERATED FROM OPERATIONS			
Profit on ordinary activities before taxation		77,653	88,189
Items not involving use of funds:			
Depreciation and goodwill amortisation		26,932	25,158
Share of profit of associated companies less dividends receivable		(1,328)	(145)
Extraordinary items		(759)	(6,290)
		<hr/> 102,498	<hr/> 106,903
OTHER FUNDS GENERATED			
Issue of share capital by overseas subsidiaries		335	17,788
Sale of tangible fixed assets		5,455	4,634
Sale of subsidiaries	25	14,817	-
		<hr/> 123,105	<hr/> 129,325
FUNDS APPLIED			
Increase in working capital			
Stocks		(4,288)	(1,128)
Debtors		33,447	15,690
Creditors		(12,171)	2,073
		<hr/> 16,988	<hr/> 16,635
Additions to tangible fixed assets		39,083	43,678
Acquisition of interests in subsidiaries	25	14,702	2,896
Acquisition of interest in associated company		5,896	-
Redemption of Preferred Shares by overseas subsidiary		-	16,329
Taxation paid		20,877	11,865
Dividends paid to R.T.Z. Pillar Limited shareholders		23,400	20,900
Dividends paid to outside shareholders		4,954	6,169
Other items		256	36
		<hr/> 126,156	<hr/> 118,508
(DEFICIT)/SURPLUS OF FUNDS GENERATED OVER FUNDS APPLIED		(3,051)	10,817
Decrease/(increase) in opening debt on currency translation		11,875	(15,795)
		<hr/>	<hr/>
DECREASE/(INCREASE) IN NET BORROWINGS		8,824	(4,978)
		<hr/>	<hr/>
Cash balances		17,907	9,378
Short-term borrowings		15,169	(8,535)
Loans		31,958	(5,921)
Finance lease obligations		(1,210)	-
Loan from holding company		(55,000)	-
		<hr/> 8,824	<hr/> (4,978)

Exchange adjustments on translation of assets and liabilities in overseas currencies at the beginning of the year have been excluded from the sources and applications of funds in the above statement except for opening debt.

The auditors' report is on page 31.

R.T.Z. PILLAR LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

The Accounts are drawn up in accordance with the historical cost convention, modified by the revaluation of certain land and buildings.

(a) Basis of Consolidation

The results of companies acquired during the year are included in the Group Profit and Loss Account with effect from the dates on which the parties concerned reached agreement.

The results of subsidiaries sold during the year are included in the Group Profit and Loss Account for the period up to their dates of sale. Profits or losses arising from the sale of subsidiaries, or the discontinuance or reorganisation of a significant part of a subsidiary's business are dealt with as extraordinary items.

The Group's share of profits less losses of associated companies is included in the Group Profit and Loss Account, and the Group's share of post acquisition retained profits and reserves is added to the cost of the investments in the Group Balance Sheet. These amounts are taken from the latest audited accounts of the companies concerned, made up to the end of the financial year of the Group.

(b) Turnover

Turnover, which excludes sales taxes, value added tax and sales between group companies, represents the invoiced value of goods sold and services provided.

(c) Depreciation

Depreciation of tangible fixed assets excluding freehold and long leasehold land 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:

Freehold and long leasehold buildings	2%-5%
Short leasehold land and buildings	Life of lease
Plant and equipment	10%-15%

(d) Leased Assets

Assets which have been funded through finance leases are capitalised and the related future lease obligations are included in the Group Balance Sheet. Comparative figures have been amended so that finance lease obligations, previously included in creditors, are disclosed separately. Operating lease rentals continue to be charged as an expense in the Group Profit and Loss Account.

(e) Goodwill

Following the introduction during the year of the United Kingdom Statement of Standard Accounting Practice No. 22, goodwill arising on consolidation, being the excess of the purchase price over the value of the net tangible assets of subsidiary companies at the dates of acquisition, is now amortised through the Group Profit and Loss Account over its estimated useful economic life, but not exceeding twenty years.

In previous years such goodwill was only written off where there had been a disposal of the relevant subsidiaries or where, in the opinion of the Directors, there had been a permanent diminution in its aggregate value. This change in policy has resulted in goodwill of £20,400,000 being written off in 1985 in respect of prior years, of which £15,163,000 has been charged directly to reserves, and £5,237,000 allocated to outside shareholders' interests.

R.T.Z. PILLAR LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES - CONTINUED

(f) Stocks

Stocks and work in progress have been valued at the lower of cost and net realisable value. Cost, which is arrived at on a first in first out basis, is made up substantially of direct materials, direct labour and the appropriate proportion of overheads.

(g) Deferred Taxation

The taxation effect of all material timing differences between the profits stated in the accounts and the profits computed for taxation purposes is dealt with as deferred taxation, using the liability method, except in respect of any timing differences which can reasonably be expected to continue in the future.

(h) Translation of Overseas Currencies

The accounts of overseas subsidiaries and other assets and liabilities denominated in foreign currencies are translated into sterling at the mid-market rates of exchange ruling at the date of the Group Balance Sheet. Exchange gains or losses arising on retranslation of the Group's share of the opening net assets of overseas subsidiaries and exchange gains or losses on borrowings in foreign currencies financing overseas investments, are dealt with through reserves. All other exchange gains or losses are dealt with in arriving at the profit on ordinary activities before taxation in the Group Profit and Loss Account.

2 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The contributions of the principal activities of the Group to turnover and profit before taxation are set out below:

	1985		1984	
	Turnover £'000	Profit before taxation £'000	Turnover £'000	Profit before taxation £'000
Aluminium, steel and related products	835,920	63,993	974,815	75,478
Engineering and other activities	226,534	13,660	200,190	12,702
	<u>1,062,454</u>	<u>77,653</u>	<u>1,175,005</u>	<u>88,180</u>
	=====	=====	=====	=====

Turnover analysed by geographical destination is set out below:

	1985 £'000	1984 £'000
United Kingdom	518,283	509,751
United States of America	349,270	424,485
Canada	119,004	126,235
Australia	18,777	56,269
Mainland Europe	37,919	39,289
Other countries	19,201	18,976
	<u>1,062,454</u>	<u>1,175,005</u>
	=====	=====

NOTES TO THE ACCOUNTS

3. "1" OPERATING COSTS

	1985 £'000	1984 £'000
Raw materials and consumables	596,996	655,197
Change in stocks of finished goods and work in progress	1,854	(4,636)
Other external charges	43,891	46,175
Staff costs:		
Wages and salaries	204,513	220,898
Social security costs	7,751	8,190
Other pension costs	5,295	8,989
Depreciation of tangible fixed assets:		
Owned assets	24,616	24,628
Leased assets	711	530
Amortisation of goodwill	1,605	-
Hire of plant and machinery	3,524	4,010
Hire of other assets	6,067	6,030
Directors' emoluments, for management, including pension contributions (see Note 4)	932	818
Auditors' remuneration for the Group (of which £33,000, 1984 £34,000, relates to R.T.Z. Pillar Limited)	955	1,066
Other operating charges	88,302	111,538
Operating costs	987,012	1,083,434
Less : Other operating income	10,538	9,780
Group's share of profits of associated companies	1,902	257
	974,572	1,073,387
	=====	=====

4 DIRECTORS' EMOLUMENTS

(a) The emoluments of the Chairman (excluding pension contributions) amounted to £19,077, 1984 £81,354. With effect from 1 April 1985, the Chairman has been remunerated by a fellow group subsidiary company for his services to the RTZ Group. The emoluments of the highest paid Director amounted to £73,899, 1984 £82,472.

(b) The other Directors, apart from those who discharged their duties wholly or mainly outside the United Kingdom, received emoluments (excluding pension contributions) within the following ranges:

	1985	1984
£		
55,001 to 60,000	1	-
60,001 to 65,000	-	1
65,001 to 70,000	-	1
70,001 to 75,000	2	-
75,001 to 80,000	-	1

In addition, four Directors, 1984 two, received no emoluments.

(c) Pension augmentations paid by the Company in respect of past Directors are charged against profit as they arise. Such payments amounted to £32,000, 1984 £32,000.

B.U.Z. PULPER LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS

5 EMPLOYEE INFORMATION

The average number of persons employed by the Group during the year is analysed below by principal Group activities:

	1985	1984
Aluminium, steel and related products	13,649	13,660
Engineering and other activities	3,263	3,411
	<hr/> 16,912	<hr/> 17,071
	=====	=====

The number of employees of the Company (excluding Directors) whose emoluments, excluding pension contributions, fell within the following ranges were:

£	1985	1984
30,001 to 35,000	2	1
40,001 to 45,000	2	2
50,001 to 55,000	1	1
65,001 to 70,000	1	1

6. INTEREST

	1985 £'000	1984 £'000
Interest payable and similar charges:		
On bank loans, overdrafts, and other loans:		
- Wholly repayable within five years	8,927	8,397
Other	4,658	6,187
Charges in respect of finance leases	597	604
	<hr/> 14,182	<hr/> 15,188
Less interest receivable:		
Bank deposits	3,953	1,750
	<hr/> 10,229	<hr/> 13,438
	=====	=====

R.T.Z. PILLAR LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1985 £'000	1984 £'000
(a) The taxation charge, which is based on the profit of the year, is made up as follows:		
United Kingdom Corporation Tax at 41.25% 1984 46.25%	15,799	17,477
Double taxation relief	(367)	(476)
Reduction reflecting intra-group taxation arrangements for the surrender of unrelieved Advance Corporation Tax	(11,247)	(10,957)
	<hr/>	<hr/>
Overseas taxation	4,185	6,044
Transfer to/(from) deferred taxation in respect of:	14,406	17,781
United Kingdom subsidiaries	377	220
Overseas subsidiaries	1,193	(4,657)
Share of associated companies' taxation charge	769	109
	<hr/>	<hr/>
	20,930	19,497
	=====	=====

(b) In accordance with the taxation arrangements within The Rio Tinto-Zinc Corporation PLC Group, the charge for current taxation in the United Kingdom has been reduced to 11.25% (1984 16.25%) of taxable profits. These arrangements recognise that there will be either payments for group relief at the rate of 11.25% or surrenders of unrelieved Advance Corporation Tax by the ultimate holding company for nil consideration. As these arrangements are expected to continue in future years, the transfer to deferred taxation in respect of United Kingdom subsidiaries has also been made at reduced rates (see note 19).

(c) No provision has been made for United Kingdom or overseas taxation (less where appropriate double taxation relief) which would arise in the event of the overseas subsidiaries distributing their retained profits.

8 EXTRAORDINARY ITEMS

	1985 £'000	1984 £'000
Discontinuance and reorganisation of activities	(152)	(8,329)
Less: Taxation relief (including deferred taxation of £804,000 in 1984)	1,219	1,704
Outside shareholders' interest	408	1,041
	<hr/>	<hr/>
	1,475	(5,584)
Prior years' deferred taxation charge (net of outside shareholders' interest of £281,000)	-	(1,248)
	<hr/>	<hr/>
	1,475	(6,832)
	=====	=====

R.T.Z. PILLAR LIMITED AND SUBSIDIARY COMPANIES

MOVES TO THE ACCOUNTS

9 INTANGIBLE FIXED ASSETS - GOODWILL

	£'000
Goodwill arising on consolidation:	
At beginning of year	49,783
Adjustment on currency translation	(7,627)
Written off in respect of prior years (see note 1 (e))	(20,400)

Acquisition of interests in subsidiaries	21,758
Amortisation charge for the year	2,649
	(1,605)

At end of year	22,800
	=====

10 TANGIBLE FIXED ASSETS - GROUP

	Land and Freehold £'000	buildings Leasehold £'000	Plant and equipment £'000	Total £'000
Cost or valuation:				
At beginning of year	72,461	21,408	189,545	283,414
Adjustment on currency translation	(11,320)	(2,087)	(23,513)	(36,920)
	-----	-----	-----	-----
Additions	61,141	19,321	166,032	246,494
Attributable to subsidiaries	6,241	2,180	30,662	39,083
acquired	1,692	2,586	4,057	8,335
Disposals	(2,520)	(654)	(13,214)	(16,388)
Attributable to subsidiaries sold	(3,426)	(1,166)	(5,603)	(10,195)
	-----	-----	-----	-----
At end of year	63,128	22,267	181,934	267,329
	-----	-----	-----	-----
Depreciation:				
At beginning of year	7,810	5,236	99,050	112,096
Adjustment on currency translation	(1,231)	(787)	(12,542)	(14,560)
	-----	-----	-----	-----
	6,579	4,449	86,508	97,536
Depreciation for the year	1,577	754	22,996	25,327
Attributable to subsidiaries				
acquired	13	50	2,049	2,112
Disposals	(270)	(321)	(10,342)	(10,933)
Attributable to subsidiaries sold	(51)	(202)	(3,028)	(3,281)
	-----	-----	-----	-----
At end of year	7,848	4,730	98,183	110,761
	-----	-----	-----	-----
Net book value at end of year	55,280	17,537	83,751	156,568
	=====	=====	=====	=====
Net book value at beginning of year	64,651	16,172	90,495	171,318
	=====	=====	=====	=====

(a) Plant and equipment is included at cost to R.T.Z. Pillar Limited or its subsidiaries after deducting grants receivable. Net book value includes £2,145,000 (1994 £1,801,000) in respect of assets held under finance leases.

R.T.Z. PILLAR LIMITED AND SUBSIDIARY COMPANIES

MOVES TO THE ACCOUNTS

10 TANGIBLE FIXED ASSETS - CONTINUED

(b) The net book value of leasehold land and buildings comprises:

	1985 £'000	1984 £'000
Long leaseholds (leases with more than 50 years unexpired)	8,670	8,705
Short leaseholds	3,504	3,384
Finance leases	5,363	4,083
	<hr/> 17,537	<hr/> 16,172
	=====	=====

Freehold and leasehold land and buildings are included on the following bases:

	1985 £'000	1984 £'000
Valuation in subsidiaries (mainly on an open market existing use basis)		
1978	8,227	10,430
1984	-	4,151
Cost to R.T.Z. Pillar Limited or its subsidiaries	<hr/> 77,168	<hr/> 79,288
	<hr/> 85,395	<hr/> 93,869
	=====	=====

If these revaluations had not taken place, the comparable amounts for land and buildings stated on an historical cost basis would be:

	1985 £'000	1984 £'000
Cost	83,205	88,894
Depreciation	<hr/> 12,191	<hr/> 12,984
	<hr/> 71,014	<hr/> 75,910
	=====	=====

11 TANGIBLE FIXED ASSETS - R.T.Z. PILLAR LIMITED

	Equipment £'000
Cost:	
At beginning of year	577
Additions	126
Disposals	(91)
	<hr/> 612
At end of year	<hr/> 612
Depreciation:	
At beginning of year	260
Depreciation for the year	112
Disposals	(64)
	<hr/> 308
At end of year	<hr/> 308
Net book value at end of year	<hr/> 304
	===
Net book value at beginning of year	<hr/> 317
	===

B.T.L. PUBLIC LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS

12 INVESTMENTS

(a) Investments are all in related companies which are associated companies, and information relating to the principal investments is included on pages 27 to 30.

	Group share of net assets on acquisition £'000	Premium paid on acquisition £'000	Post - acquisition reserves £'000	Loans £'000	Total £'000
At beginning of year	242	-	595	251	1,088
Adjustment on currency translation	3	-	7	3	13
Acquired during year	8,593	545	-	-	9,138
Share of retained profit for the year	-	-	393	-	393
Amortisation of premium	-	(14)	-	-	(14)
At end of year	8,838	531	995	254	10,618

(b) Investments at the end of the year include £9,490,000 in respect of the Group's 49.99% shareholding in Metro Industries Ltd. These shares are listed on a recognised overseas stock exchange, and had a stock exchange value at the Balance Sheet date of £7,384,000. In the opinion of the Directors, the value of both the listed and unlisted investments does not differ materially from the amounts at which they are stated in the accounts.

(c) Dividend income during the year was as follows:

	1985 £000	1984 £000
Unlisted shares	69	13
Listed shares	505	-
	574	13

13 STOCKS

	1985 £'000	1984 £'000
Raw materials and consumables	73,543	97,738
Work in progress	28,483	23,458
Finished goods and goods for resale	50,179	60,785
	152,205	181,981

R.T.Z. PILLAR LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS

14 DEBTORS

	GROUP		R.T.Z. PILLAR LIMITED	
	1985	1984	1985	1984
	£'000	£'000	£'000	£'000
Trade debtors	226,147	223,971	-	-
Other debtors	11,157	10,538	91	97
Prepayments and accrued income	15,422	11,430	159	49
Amounts owed by holding company and fellow subsidiary companies outside the R.T.Z. Pillar Limited Group	276	196	158	9
	253,002	246,135	408	155

Included in trade and other debtors are amounts totalling £43,526,000, 1984 £36,732,000, receivable over varying periods in excess of one year.

15 SHORT-TERM BORROWINGS

	GROUP		R.T.Z. PILLAR LIMITED	
	1985	1984	1985	1984
	£'000	£'000	£'000	£'000
Bank overdrafts	26,230	31,784	-	1,024
Current portion of : Loans (see Note 17)				
- bank	429	9,904	-	-
- other	1,746	2,142	-	-
Finance lease obligations (see Note 18)	549	293	-	-
	28,954	44,123	-	1,024

In 1984 bank overdrafts of overseas subsidiary companies included secured balances totalling £423,000.

16 CREDITORS

	GROUP		R.T.Z. PILLAR LIMITED	
	1985	1984	1985	1984
	£'000	£'000	£'000	£'000
Trade creditors	89,002	91,193	-	-
Bills of exchange	5,809	4,824	-	-
Other creditors	27,852	32,230	123	75
Accruals	18,531	16,612	114	153
Amounts owed to fellow subsidiary companies outside the R.T.Z. Pillar Limited Group	1,034	2,903	-	357
	142,228	147,762	237	585

R.T.Z. PILLAR LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS

17 LOANS

	1985 £'000	1984 £'000
Bank loans		
Repayable otherwise than by instalments		
- within five years at varying dates (including nil, 1984 £784,000, in respect of R.T.Z. Pillar Limited)	-	17,790
- more than five years hence	651	860
Repayable by instalments at varying dates up to 1991. (Instalments due more than five years hence amount to £13,260,000, 1984 £28,431,000).	30,820	49,693
Other loans	31,471	68,343
Repayable otherwise than by instalments		
- within five years	-	2,019
- more than five years hence, average interest rate 9.5%	4,758	5,673
Repayable by instalments		
- 8 1/2% Sinking Fund Debentures, repayable in annual instalments to 15 March 1993. (Instalments due more than five years hence amount to £1,484,000, 1984 £2,319,000).	2,436	3,370
- other loans, repayable by instalments at varying dates up to 2001. (Instalments due more than five years hence amount to £4,190,000, 1984 £3,896,000).	7,876	8,965
	46,541	88,370
Less: amounts repayable within one year	2,175	12,046
	44,366	76,324
	=====	=====

Except where otherwise stated, loans are at variable market rates of interest. Bank loans include secured loans to overseas subsidiaries totalling £2,899,000, 1984 £4,259,000. Other loans include £13,135,000, 1984 £17,155,000, which are secured on land and buildings.

18 FINANCE LEASE OBLIGATIONS

The future minimum finance lease payments to which the Group was committed at 31 December 1985 are as follows:

	1985 £'000	1984 £'000
1985	-	869
1986	1,221	828
1987-1990	4,497	2,943
1991 and thereafter	8,087	7,794
	13,805	12,034
Less : interest element	5,085	4,780
	8,720	7,254
Less : amounts repayable within one year	549	293
	8,171	6,961
	=====	=====

R.T.Z. PILLAR LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS

19 DEFERRED TAXATION

(a) The provision for deferred taxation included in the accounts together with details of the full potential liability are:

	1985		1984	
	Provision in accounts £'000	Full potential liability £'000	Provision in accounts £'000	Full potential liability £'000
In respect of accelerated capital allowances and other timing differences:				
United Kingdom	12,635	15,224	11,843	15,554
Advance Corporation Tax to be surrendered by ultimate holding company for nil consideration	(10,782)	(13,001)	(10,115)	(13,115)
	1,853	2,223	1,728	2,439
Overseas	4,593	12,171	3,625	13,663
Unrelieved overseas tax losses	(1,371)	(1,371)	(1,125)	(1,707)
In respect of taxation payable in the United Kingdom if assets were disposed of at their book values	-	848	-	997
	5,075	13,871	4,228	15,392
	=====	=====	=====	=====

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

	£'000
Provision at beginning of year	4,228
Adjustment on currency translation	(603)
Attributable to subsidiaries acquired	298
Transfer from tax on profit on ordinary activities	1,570
Transfer to current taxation	(418)
Provision at end of year	5,075
	=====

20 SHARE CAPITAL

	1985 £'000	1984 £'000
Authorised share capital: 115,000,000, 1984 115,000,000, Ordinary Shares of £1 each	115,000 =====	115,000 =====
Issued, called up, and fully paid share capital: 115,000,000, 1984 115,000,000, Ordinary Shares of £1 each	115,000 =====	115,000 =====

R.T.Z. PILLAR LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS

21 RESERVES

(a) Group

	Revaluation Reserve £'000	Other Reserves £'000	Profit and Loss Account £'000	Total £'000
At beginning of year	6,832	14,309	122,554	143,695
Retained profit for year	-	-	26,475	26,475
Exchange losses	(337)	(9,345)	(11,340)	(21,235)
Prior years' goodwill written off	(2,172)	-	(12,991)	(15,163)
Realised on disposal of property	(935)	-	-	(935)
Transfer between reserves	(1,437)	1,425	12	-
At end of year	1,738	6,389	124,710	132,837

The Revaluation Reserve and Other Reserves are not available for distribution.

(b) R.T.Z. Pillar Limited

	Profit and Loss Account £'000
At beginning of year	11,448
Profit after taxation	21,152
Dividends paid and payable	(20,400)
At end of year	12,200

No separate Profit and Loss Account for R.T.Z. Pillar Limited is included in the Accounts.

22 INTEREST FREE LOAN FROM HOLDING COMPANY

The interest-free loan from holding company is shown beneath capital and reserves as it is intended that this loan will be replaced by equity capital in 1986.

23 OUTSIDE SHAREHOLDERS' INTEREST

Floating rate Preference Shares have been issued to outside shareholders of an overseas subsidiary and at 31 December 1985 £23,497,000 of these shares were outstanding. £10,137,000 of these shares are redeemable at any time at the option of the issuing subsidiary and in 1988 at the option of the shareholders. The remaining £13,360,000 are redeemable at the option of the issuing subsidiary and £4,948,000, 1984 £6,532,000, of these shares are held by a fellow group subsidiary company.

R.T.Z. PILLAR LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS

24 SUBSIDIARY COMPANIES

Information relating to the principal subsidiaries of R.T.Z. Pillar Limited is set out on pages 27 to 30. During the year the Company acquired from a subsidiary company, investments in other subsidiary companies, at book value of £59,678,000. Amounts owed by subsidiary companies include £13,200,000, 1984 £16,757,000, of dividends receivable.

25 ACQUISITIONS AND SALES OF SUBSIDIARIES

Group companies have made acquisitions of and sold interests in subsidiaries and the amounts shown in the Group Statement of Source and Application of Funds on page 12 comprise the following, other than cash balances, overdrafts, loans and finance lease obligations:

	Acquisitions		Sales	
	1985 £'000	1984 £'000	1985 £'000	1984 £'000
Tangible fixed assets	6,223	-	6,914	-
Investments	3,242	-	-	-
Net current assets	3,314	-	8,128	-
Goodwill	2,649	2,429	-	-
Outside shareholders' interest	(428)	467	(225)	-
Deferred taxation	(298)	-	-	-
	<u>14,702</u>	<u>2,896</u>	<u>14,817</u>	<u>-</u>
	=====	=====	=====	=====

26 PENSION FUNDS

Group companies and employees contribute to various pension funds operated either by The Rio Tinto-Zinc Corporation PLC or the Group's principal overseas subsidiaries. The assets of the schemes are independent of the Group's finances and the contributions from Group companies are charged against profits each year. Any adjustments required to the rates of contribution are determined in the light of the results of regular independent actuarial valuations.

R.T.Z. PILLAR LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS

27 CONTINGENT LIABILITIES AND COMMITMENTS

	1985 £'000	GROUP 1984 £'000
(a) There was a contingent liability at 31 December 1985 in respect of bills of exchange discounted by subsidiaries amounting to	2,777	2,210
(b) Options have been granted to outside shareholders of certain subsidiaries whereby, at varying future dates, Group companies may be required to purchase their shareholdings at prices related to profits. The cost of options already exercisable, if based upon the results to 31 December 1985, would amount to	242	316
(c) Provision has not been made in these accounts in respect of capital expenditure:		
(i) contracts entered into	5,882	7,331
(ii) authorised but not contracted for	8,116	7,317
(d) The Group is committed to make the following payments next year under operating leases, analysed by year of expiry:		

	Land and Buildings		Plant and Equipment	
	1985 £'000	1984 £'000	1985 £'000	1984 £'000
Within 1 year	364	588	643	834
Between 1 and 5 years	1,369	1,115	2,192	1,455
After 5 years	3,410	3,502	928	1,522
	<u>5,143</u>	<u>5,205</u>	<u>3,763</u>	<u>3,811</u>
	=====	=====	=====	=====

28 ULTIMATE HOLDING COMPANY

The Rio Tinto-Zinc Corporation PLC, incorporated in Great Britain, is the Company's ultimate holding company at 31 December 1985.

R.T.Z. PILLAR LIMITED

PRINCIPAL SUBSIDIARIES AND ASSOCIATES

Pillar Aluminium Limited

Acorn Exal Limited
Ano-Coil Limited (51%)
Archital Entrances Limited
Archital Luxfer Limited
Solent Profiles Limited

Beta Naco Limited*
Catnic Components Limited*

Garador Limited
Duraflex Limited

College Housewares Limited
Hardlife Ladder Company Limited
Ellay Enfield Tubes Limited
European Profiles Limited
Inter Profiles Aktieselskab (49%)
Denmark

Glostal Limited
Home Insulation Limited
Indalex Limited

KWR Chemicals Limited
Leyland Windows Limited

Duncan Timber Products Limited
Mellowes PPG Limited

Pace Architectural Components Limited
Pillar Naco Industries (Europe) Srl Italy
Pillar Portuguesa (Aluminio), Portalex,
S.A.R.L. Portugal
Aluport-Matrizas de Portugal Lda
(78.5%) Portugal

Precision Metal Forming Limited

Pressweld Limited
R.T.Z. Extruders Limited

R.T.Z. Metals North Limited
R.T.Z. Metals South Limited

Pillar Engineering Limited

Aeroparts Engineering Company Limited
Andrew Chalmers & Mitchell Limited
Scotland
Attewell-Mycroshims Limited
Aviation Engineering & Maintenance
Limited
Aviation Engineering & Maintenance
(Stansted) Limited
Hants and Sussex Aviation Limited

John Lee (Sacks) Limited

Peak Engineering Company Limited

Holding and management company

Aluminium anodising and paint finishing
Continuous coil anodising
Aluminium fabricated entrances
Aluminium windows
Insulating infill panels for the
building industry
Louvre and reversible aluminium windows
Steel lintels and other products for the
building industry
Domestic garage doors
Door, window, draught exclusion and
double glazing systems
Draught exclusion
Aluminium ladders
Non-ferrous tube manufacturing
Roll-forming steel sheeting
Roll-forming steel sheeting

Architectural aluminium systems
'Everest' double glazing systems
Extruding, anodising, painting and
fabricating aluminium
Chemical and machinery merchanting
Glazed hardwood and aluminium doors and
windows
Hardwood windows
Aluminium and steel curtain walling,
windows and doors, and patent glazing
Aluminium window fittings
Louvre windows and sunbreakers
Aluminium extrusion

Extrusion die design and manufacture

Roll-forming aluminium and steel
sheeting
Aluminium trim components
Extruding, anodising, painting and
fabricating aluminium
Metal stockholding
Metal stockholding

Holding and management company

General precision engineering
Manufacture of floodlighting equipment

Manufacture of metal laminates and shims
Overhaul and repair of aircraft
components
Overhaul and repair of aircraft
components
Overhaul and repair of aero-engines and
components
Manufacture and merchanting of sacks and
bags
General precision engineering

R.T.Z. PILLAR LIMITED

PRINCIPAL SUBSIDIARIES AND ASSOCIATES CONTINUED

Pillar Merchanting Limited	Holding and management company
Frank Parker & Co. Limited*	Distribution of contractors' tools and road hazard warning equipment
IQ Tools Limited	Distribution of tools
Pillar Engineering Supplies Limited	Distribution of engineering supplies
Protofram Limited	Distribution of tools
PSS Limited	Distribution of socket screws and wood screws
Stedall (Vehicle Fittings) Limited	Commercial vehicle body building suppliers
A.G. Strachan & Co. Limited	Distribution of engineering and contractors' tools
Pillar Seals & Gaskets Limited	Manufacture and distribution of seals and gaskets
Pillar-Wedge Group Limited (73.5%)	Holding company
Pillar Galvanising Limited	Management company
Acrow Galvanising Limited	General galvanising
East Anglian Galvanising Limited	General galvanising
Merseyside Galvanising Limited	General galvanising
Metaltreat Limited	General galvanising
Pillar Spin Galvanising Limited	General spin galvanising
Pillar-Wedge Limited	General galvanising
Scottish Galvanisers Limited Scotland	General galvanising
Worktop Galvanising Limited	General galvanising
Pneumatic Components Limited	Manufacture of tyre inflation equipment and related accessories
The Skipper Group Limited	Holding and management company
Allen's (Plymouth) Limited	GM car and Bedford dealer
Central Motor Company (Leicester) Limited	Ford main dealer and truck specialist dealer
Comberhill (Commercials) Limited	Seddon Atkinson dealer
Comet Vehicle Contracts Limited	Vehicle contract hire and leasing
The Deighton Motor Co. Limited	Toyota dealer
Halmo Engineering Limited	Commercial vehicle chassis extensions
Pickford Deighton Limited	Toyota dealer and Renault Truck Industries distributor
Skipper Fleet Limited	Fleet car and commercial vehicle sales
Skipper of Burnley Limited	Ford main dealer and truck specialist dealer
Skipper of Darlington Limited	Ford main dealer and truck specialist dealer
Skipper of Gloucester Limited	GM car and Bedford dealer
Skipper of Northallerton Limited	Ford main dealer outlet
Skipper of Torbay Limited	GM car dealer
Skipper of Wakefield Limited	GM car dealer
Walters & Dobson (Aerite) Limited	Manufacture of tyre inflation equipment and motor accessories
Welding Rods Limited	Holding and management company
Weldro Ridgeway Limited	Distribution of welding equipment
Weldro Welding Supplies Limited	Distribution of welding equipment
WR Electrodes Limited	Manufacture of welding electrodes
WR Hire & Sales Limited	Distribution of welding equipment and welding plant hire

R.T.Z. PILLAR LIMITED

PRINCIPAL SUBSIDIARIES AND ASSOCIATES CONTINUED

Indal Limited (60.7% of the common shares) Canada	Holding and management company
Airlite Glass Insulating Division	Insulating glass units
Alumiprime Division	Aluminium prime windows and patio doors
Commercial Aluminum Division	Architectural aluminium store fronts, windows and curtainwall
C.R. Metal Products Division	Cold rollformed metal products
Eastland Metals Division	Cold rollformed steel and aluminium products
Fabricated Steel Products Division	Automotive stampings and fabricated products
FASCO Products Division	Storm and patio door hardware and aluminium home improvement products
Hialco Mfg. Division	Aluminium prime windows and patio doors
Indal Furniture Systems Division	Office panel systems, furniture components and acoustic office screens
Indal Products Maritimes Division	Aluminium storm doors and windows
Indalex Division	Aluminium extrusions, surface finishing and fabricated products
Indalloy Division	Aluminium recycling and billet casting
Lite Metals Division	Aluminium ladders
McKnight Window Industries Division	Wood and vinyl windows and doors
Peachtree Doors Canada Division	Residential insulated steel entry door systems
Tempglass Division	Glass tempering and processing
Western Aluminum Products Division	Aluminium, vinyl and wood prime windows, doors and insulating glass units
Westland Metals Division	Cold rollformed steel and aluminium products
Brampton Foundries Limited (75%) Canada	Aluminium castings for the automotive, electrical appliance and other industrial markets
Indal Technologies Inc. Canada	Design engineering and helicopter hauldown systems
Indal Wall Systems Ltd. Canada	Curtainwall, commercial windows and specialty architectural systems
Lamilite Limited (70%) Canada	Laminated glass
Indal Inc. USA	Holding company
Indal Aluminum Division	Aluminium extrusions, recycling and billet casting
Indal Aluminum Gulfport Division	Aluminium extrusions, recycling and billet casting
Mideast Aluminum Industries Division	Aluminium extrusions, finishing and custom fabrication
Tubelite Division	Aluminium extrusions and fabricating
Indal Tool Inc. USA	Aluminium extrusion dies
Indal Wall Systems Inc. USA	Curtainwall and commercial window systems
North American Die Casting Corp. USA*	Zinc die cast products
Peachtree Doors, Inc. (90%) USA	Residential steel entry door systems, patio doors and windows
Replacement Products Industries Corporation USA*	Aluminium replacement windows
SealRite Windows, Inc. USA*	Wood windows and patio doors
Tempglass Eastern, Inc. (95%) USA*	Glass tempering and processing
Tempglass, Inc. USA*	Glass tempering and processing
Tempglass Southern, Inc. USA	Glass tempering and processing
Tempglass Western, Inc. USA	Glass tempering and processing
T B P Inc. USA	Holding company
Better-Bilt Aluminum Products Co. USA	Aluminium patio, storm and screen doors and prime and storm windows
Kabinart Corporation USA	Wood cabinets for kitchens and bathrooms

R.T.Z. PILLAR LIMITED

PRINCIPAL SUBSIDIARIES AND ASSOCIATES CONTINUED

Metro Industries Ltd. (49.99%) Australia	Holding and management company
Multiform Plastics Engineering Division	Manufacture and distribution of PVC products, fibreglass products and nylon coating
Sandmac Engineering Division	Supply and servicing of mining and construction equipment
Sandovers Metals Division	Distribution and pre-processing of steel and allied products
Seapower/Superlift Division	Distribution of marine and industrial engines and wire rope, splicing and lifting gear
Webforge (W.A.) Division	Manufacture and distribution of steel grating
Andersen Gratings Pty. Limited Australia	Manufacture and distribution of steel grating
Fabricated Products Pty. Limited Australia	Metals distribution
Metro-AOC Pty. Limited (50%) Australia	Offshore contracting
Metro Springs Pty. Limited Australia	Industrial spring manufacture and repair
Norge Investments Pty. Limited Australia	
P.M. Andersen Industries Division	Manufacture and distribution of steel grating
Pillar Australia Pty. Limited Australia	
Louvre Windows Australia Trading Division	Louvre windows
Trend Windows Division	Timber and aluminium windows and doors
Trend Windows (Victoria) Division	Timber and aluminium windows and doors
W.J. Smith Division	Metal fasteners
Soady Controls Division	Window control gear
Specialised Welding Pty. Limited Australia	Steel fabricating, manufacture and repair of heavy equipment
Traversi Jones Pty. Limited (90%) Australia	Distribution of building products
Webforge (Singapore) Pte. Limited Singapore	Manufacture and distribution of steel grating
Whiteway Neon Pty. Limited Australia	Neon sign manufacture and maintenance
Whiteway Sales and Manufacturing Pty. Limited Australia	
Du Feu Metals Division	Roll-forming steel, metal fabricating and distributing

Notes:

1. The above list of companies, which are registered in England unless otherwise shown, indicates managerial organisation and the percentage of the equity capital owned by the immediate parent. Except where indicated, the equity share capital and preference share capital (if any) of each company was at 31 December 1985 wholly-owned by either R.T.Z. Pillar Limited or a wholly-owned subsidiary of R.T.Z. Pillar Limited. Where companies operate through autonomous divisions, these together with their activities are shown.
2. The existence of more than one class of share is indicated by an asterisk(*).
3. The above list shows principal subsidiaries and associates as at 31 December 1985. In order to avoid particulars of excessive length, the above details deal only with those companies which principally affected the results or amounts of the assets of the Group.
4. After the end of the year Kabinart Corporation sold all of its assets and Welding Rods Limited, together with its subsidiaries, was sold.

REPORT OF THE AUDITORS
TO THE MEMBERS OF R.T.Z. PILLAR LIMITED

We have audited the accounts on pages 9 to 26 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group at 31 December 1985 and of the profit and source and application of funds of the Group for the year then ended and comply with the Companies Act 1985.



Chartered Accountants

LONDON, 18 March 1986.