

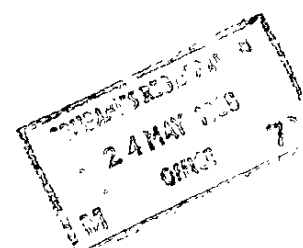
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**R.T.Z. PILLAR LIMITED**

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R.T.Z. PILLAR LIMITED

DIRECTORS OF THE COMPANY

D. Edwards	Chairman
G.H. Sage	Chief Executive
R. Adams	
J.A. Chilcot	
D.E. Davey	
M.M. Freeman	
J.N. McKnight	
R.W.F. Penny	
W.E. Stracey	
R.P. Wilson	

OFFICERS OF THE COMPANY

K.J. Armitt	Taxation
B.R. Chisholm	Controller/Treasurer
A.J. Hope	Planning and Evaluation
J.W. Lewis	Group Systems
I.C. Mitchell	Company Secretary
S.A. Smith	Chief Accountant

## CHAIRMAN'S STATEMENT

### GROUP TRADING

The Group's area of business lies predominantly in the United Kingdom and North America. In the United Kingdom a high level of activity in the building industry helped many of our companies whilst in the United States there were falls in both housing starts and motor vehicle production. Canadian private consumption and residential investment were once again strong with housing starts at their highest level for ten years. The dramatic decline in the value of the U.S. dollar resulted in a reduction in North American earnings when expressed in sterling at year end rates and also impacted unfavourably on other Group companies trading in U.S. dollars.

The Group's earnings were £64.1m compared with £64.2m in 1986. Group sales to third parties were £1,182.3m compared with £1,161.6m in 1986. Profit before taxation was £94.1m in 1987 compared with £101.7m in 1986 and it is estimated that profits before taxation would have been some £9m higher had exchange rates prevailing at the end of 1986 continued throughout 1987.

### PILLAR ALUMINIUM GROUP

Sales for the year were £435.9m compared with £399.7m in 1986 and the profit before taxation increased by 17% to £39.0m. These good results were attained against a background of strong demand for the group's products primarily from the residential construction market.

Companies directly involved in the home improvement market made a significant contribution to results although increasing raw material prices did result in some pressure on margins. Catnic Components benefited from high levels of house construction, recording healthy increases in sales of steel lintels, domestic garage doors and plasterers' products. The aluminium extrusion companies in the United Kingdom and Portugal enjoyed heavy demand from all their main markets and this led to significantly improved profits.

The rollforming companies once again recorded strong performances, while the results from the prime window companies were mixed.

Companies involved in the manufacture of non-ferrous tube and aluminium trim components had another good year and the rationalisation of the metal stockholders has proved successful resulting in a marked improvement in profitability.

During the year acquisitions were made to increase aluminium painting capacity, expand the architectural joinery business and improve the range of DIY products. A business specialising in the design and manufacture of aluminium grilles for air diffusion was acquired and this sector will be further expanded.

## PILLAR ENGINEERING GROUP

Sales for the year were £305.1m compared with £251.2m in 1986 and the profit before taxation was £12.8m compared with £14.7m in 1986.

Profits from aviation support were substantially reduced by the significant fall in value of the US dollar, the currency in which much of the business is conducted and also by the effects of the low levels of oil related North Sea flying which continued for most of the year.

In buoyant markets, all the established engineering and contractors' supplies distribution businesses improved their turnover and profits, whilst the sack and bag merchanting business again produced a very good result. In a year of record new car sales, motor distribution substantially increased its turnover and profits and the car dealerships made good progress, although commercial vehicle activities had a difficult year.

Companies manufacturing precision engineered components, shims and tyre inflation equipment all maintained profitability, but in a highly competitive market, galvanising profits did not reach their 1986 level. Profits from specialist lighting products, for which off-shore platforms represent the main market, were substantially reduced.

MBS Distribution, a national distributor of fastenings, bearings and tools, was acquired in March 1987. Other new investments during the year included additions to the engineering and contractors' supplies and vehicle distribution networks, the first phase of a major factory re-building programme at Portsmouth to provide the most up to date facilities to support the latest generation of aero-engines and a new aircraft instrument shop at Stansted.

## INDAL GROUP

Indal's sales reached C\$1,078.5m (£441.3m) compared with C\$1,053.2m (£514.3m) in 1986 and pre-tax profits were C\$87.7m (£35.9m) compared with C\$93.5m (£45.7m) in 1986. The decline in sterling terms mainly reflected the change in exchange rates during the year.

Indal's sales and profits were achieved despite lower levels of activity in a number of the company's main markets. Housing starts in the United States were 10% below 1986 levels, North American non-residential construction was down by 7% and North American car and light truck production was 7% below 1986. However, residential construction in Canada was stronger, with housing starts 23% higher than 1986 and operations serving this market generally did well and contributed an appreciable overall increase in sales and profits. In the United States Peachtree Doors which produces high quality domestic windows and entry doors operated very well and achieved a further improvement in its market share. However, other operations suffered from intense price competition particularly in those States which were affected by the continuing recession in the oil industry.

Glass tempering companies suffered from the weakness of a number of regional non-residential building markets in both Canada and the United States, and produced mixed results. Other companies supplying non-residential construction products generally saw improved results.

Operations in Canada producing aluminium extrusions, automotive parts and seaboard helicopter hauldown systems, all performed well once again making a substantial contribution to profits.

Capital expenditure was at a record level and included work on two new aluminium extrusion plants and on a new automotive component plant. Also in 1987 work began on two new glass tempering and coating plants and these will go into production in 1988 and 1989.

At the end of the year, Indal acquired 80% of Season-all Industries, Inc. one of the largest and best-known U.S. manufacturers of vinyl and aluminium windows for the growing replacement market in the United States.

## FINANCE

The year saw major increases in the cost of certain key raw materials notwithstanding relatively low levels of general cost inflation. Year end exchange rates used to convert the results of overseas subsidiaries into sterling also changed dramatically compared with those used at the end of 1986 with the U.S. and Canadian dollars declining by 27% and 19% respectively.

Earnings after tax and interests of outside shareholders amounted to £64.1m compared with £64.2m in 1986. United Kingdom taxation has been reduced by £16.5m in 1987 (£16.6m 1986) as a result of a continuation of intra-group arrangements whereby unrelieved advance corporation tax of RTZ has been offset against the taxation liability.

There was a net extraordinary profit of £4.2m as a result of the sale of the Group's 49.9% interest in the Metro Industries Group in Australia.

Group Reserves increased during the year by £22.1m. Retained profits for the year amounted to £37.3m after provision for dividends of £31m. Reserves were reduced by £15.2m arising on the translation to sterling of net assets of overseas subsidiaries and associates.

Capital expenditure during 1987 totalling £66.9m compared with £48.9m in 1986 and included major programmes to expand capacity in aluminium extrusion, glass tempering, coating and automotive parts manufacture as well as, continued updating of manufacturing facilities and the regular replacement requirements of the Group. Expenditure on the acquisition of interests in new subsidiaries, located in both the United Kingdom and North America, amounted to £21.8m during the year. The Group's investment in working capital continued to be tightly controlled. Overall net borrowings increased by £15.6m.

## CONCLUSION

1987 has been a mixed year for the Group with the declining value of the U.S. dollar having a significant impact on the overall results.

There have been indications during recent months of reduced activity in the construction markets of both the United Kingdom and North America and also that consumer spending has become less buoyant. However, although the economic climate for the coming year appears less promising than a year ago it is anticipated that the Group will continue to perform well, with the benefits of expenditure made in recent years on new production technology and product development playing an important part in maintaining the Group's competitive position.

In January 1988, MK Electric joined the RTZ Group and it is intended that this will represent a new core business within R.T.Z. Pillar in the area of electrical and environmental systems for the building industry, and will further enhance existing activities in the supply of plastic products and extend the range of building products offered by the Group to the construction industry.

Once again, I should like to thank everyone for their personal contribution to the continuing success of our expanding Group.

A handwritten signature in black ink, appearing to read 'Edward', with a stylized flourish above it and a horizontal line below it.

Chairman  
15 March 1988

## R.T.Z. PILLAR LIMITED

### REPORT OF THE DIRECTORS

To be presented to the eighteenth Annual General Meeting to be held on 29 April 1988 at 12.00 noon.

The Directors submit their report and the audited accounts for the year ended 31 December 1987.

### COMPOSITION AND ACTIVITIES OF THE GROUP AND PRINCIPAL CHANGES

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

During the course of the year the Group disposed of its Australian interests, including its interest in the Metro Industries Limited group (previously 49.9% owned).

The Group has the following 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 some twenty-five companies operating through over 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 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 1987 the Pillar Aluminium group acquired companies specialising in surface finishing and architectural joinery manufacture and a company dealing in agricultural chemicals. A business manufacturing aluminium grilles for air diffusion was acquired, a small uPVC extrusion plant was installed and other acquisitions and disposals were made to improve the range of DIY products.

The Pillar Engineering Limited group consists of fifty-one companies operating in the United Kingdom through some one hundred and four 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 merchandising of sacks.

During 1987 the Pillar Engineering group acquired a distributor of fasteners, bearings and tools, established two new vehicle dealerships and purchased an engineering supplies distributor.

The Indal Limited group (61.6% owned) is a diversified North American industrial organisation. There are thirty-two operating subsidiaries and divisions in Canada and the United States, and markets served include residential construction, non-residential construction and industrial, which includes automotive and design engineering. Indal companies recycle, cast 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 1987 the Indal group acquired 80% of the issued share capital of Season-all Industries, Inc., a company manufacturing vinyl and aluminium replacement windows in the United States. The group wound up the business of the Airlite Glass Insulating Division. The Canadian glass operations of the Tempglass Division and Lamilite Limited were consolidated into the new Indalglass Division, and a 49% investment made in Technolite Glass Inc., a company newly formed to produce energy-conserving coated glass. Other Canadian divisions were being reorganized with the operations of Hialco Mfg. Division consolidated with that of the Indal Building Products Division, and the operations of Eastland Metals Division and Westland Metals Divisions consolidated into the Indal Metals Division. Also, the group's Indal Extrusion Division in the United States commenced operations and production.

#### 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.

#### EVENT SINCE THE END OF THE YEAR

On 6 January 1988 the offer by The RTZ Corporation PLC, for MK Electric Group PLC, a major manufacturer of electrical products and systems for buildings, became unconditional. It is intended that MK Electric will form a substantial business group within RTZ Pillar, which has already assumed management responsibility, and that RTZ's shareholding in MK Electric will be transferred to the RTZ Pillar Group in due course.

#### DIVIDENDS

An interim dividend in respect of the year ended 31 December 1987 of £10,000,000 was paid by the Company on 2 November 1987 to the holders of Ordinary Shares in the Company on 19 October 1987. The Directors recommend a final dividend for the year of £21,000,000 payable on 1 June 1988.

#### 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 D.R. Miller retired on 31 March 1987, Mr D. Edwards resigned as Chief Executive (but remains Chairman) and Mr G.H. Sage was appointed Chief Executive on 1 October 1987. Mr J.N. McKnight and Mr R.P. Wilson were

## 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 1987	31 December 1986*
R. Adams		-	-
J.A. Chilcot		-	-
D.E. Davey	RTZ Ord. Shares	6,412	2,565
	RTZ Con. Loan Stock	1,099	1,099
M.M. Freeman	RTZ Ord. Shares	490	196
J.N. McKnight	Indal Shares	33,000	24,000
R.W.F. Penny		-	-
G.H. Sage	RTZ Ord. Shares	2	1
W.E. Stracey	Indal Shares	16,682	16,682

\* 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 R.P. Wilson.

### Abbreviations:

RTZ Ord. Shares:

Ordinary Shares of The RTZ Corporation PLC of 25p each until 22 October 1987 and of 10p each thereafter

RTZ Con. Loan Stock:

9.5% Convertible Unsecured Loan Stock 1995/2000 of The RTZ 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

15 March 1988

# R.T.Z. PILLAR LIMITED AND SUBSIDIARY COMPANIES

## GROUP PROFIT AND LOSS ACCOUNT YEAR ENDED 31 DECEMBER 1987

	<u>Notes</u>	1987 £'000	1986 £'000
TURNOVER	2	1,182,264	1,161,647
OPERATING COSTS	3	1,082,370	1,053,004
TRADING PROFIT		99,894	108,643
AMORTISATION OF GOODWILL		1,870	2,188
		98,024	106,455
INTEREST	6	3,950	4,777
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	94,074	101,678
TAX ON PROFIT ON ORDINARY ACTIVITIES	7	19,226	24,473
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		74,848	77,205
ATTRIBUTABLE TO OUTSIDE SHAREHOLDERS		10,701	13,010
PROFIT BEFORE EXTRAORDINARY ITEMS		64,147	64,195
EXTRAORDINARY ITEMS	8	4,185	(492)
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO RTZ PILLAR SHAREHOLDERS		68,332	63,703
DIVIDENDS			
Interim paid		10,000	9,500
Proposed final payable June, 1988		21,000	21,500
		31,000	31,000
RETAINED PROFIT FOR YEAR		37,332 =====	32,703 =====
STATEMENT OF GROUP RESERVES			
RESERVES AT BEGINNING OF YEAR		162,820	132,837
RETAINED PROFIT FOR YEAR		37,332	32,703
DIRECT RESERVE MOVEMENTS	21		
Net exchange losses		(15,225)	(2,308)
Other movements		-	(412)
RESERVES AT END OF YEAR		184,927 =====	162,820 =====

The auditors' report is on page 29.

R.T.Z. PILLAR LIMITED AND SUBSIDIARY COMPANIES

GROUP BALANCE SHEET  
31 DECEMBER 1987

	<u>Notes</u>	1987 £'000	1986 £'000
FIXED ASSETS			
Intangible assets - goodwill	9	28,541	21,964
Tangible assets	10	190,284	166,667
Investments	12	3,515	9,777
		<hr/>	<hr/>
		222,340	198,408
CURRENT ASSETS			
Stocks	13	174,265	161,998
Debtors	14	266,551	261,903
Cash at bank and in hand		66,961	75,107
		<hr/>	<hr/>
		507,777	499,008
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Short-term borrowings	15	33,656	28,807
Creditors	16	173,601	156,520
Taxation payable		8,636	11,966
Proposed final dividend of R.T.Z. Pillar Limited		21,000	21,500
		<hr/>	<hr/>
		236,893	218,793
NET CURRENT ASSETS		<hr/>	<hr/>
		270,884	280,215
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/>	<hr/>
		493,224	478,623
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Loans	17	62,105	58,033
Finance lease obligations	18	5,994	7,441
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	19	4,454	5,479
		<hr/>	<hr/>
		72,553	70,953
		<hr/>	<hr/>
		420,671	407,670
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	20	170,000	170,000
Revaluation reserve	21	1,261	1,293
Other reserves	21	-	1,531
Profit and loss account	21	183,666	159,996
		<hr/>	<hr/>
RTZ PILLAR SHAREHOLDERS' INTEREST		354,927	332,820
OUTSIDE SHAREHOLDERS' INTEREST	22	65,744	74,850
		<hr/>	<hr/>
		420,671	407,670
		=====	=====

The auditors' report is on page 29.

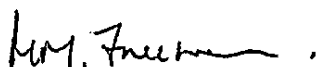
# R.T.Z. PILLAR LIMITED

## BALANCE SHEET 31 DECEMBER 1987

	<u>Notes</u>	1987 £'000	1986 £'000
<b>FIXED ASSETS</b>			
Tangible assets	11	309	276
Investments in subsidiary companies at cost	23	98,497	98,497
		<hr/>	<hr/>
		98,806	98,773
<b>CURRENT ASSETS</b>			
Amounts owed by subsidiary companies	23	98,699	114,456
Debtors	14	353	254
Cash at bank and in hand		54,869	31,800
		<hr/>	<hr/>
		153,921	146,510
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Amounts owed to subsidiary companies		39,490	39,673
Creditors	16	534	721
Taxation payable		403	388
Proposed final dividend		21,000	21,500
		<hr/>	<hr/>
		61,427	62,282
<b>NET CURRENT ASSETS</b>		<hr/>	<hr/>
		92,494	84,228
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/>	<hr/>
		191,300	183,001
		=====	=====
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	170,000	170,000
Profit and loss account	21	21,300	13,001
		<hr/>	<hr/>
		191,300	183,001
		=====	=====



(Director)



(Director)

The auditors' report is on page 29.

GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
YEAR ENDED 31 DECEMBER 1987

	Note	1987 £'000	1986 £'000
<b>FUNDS GENERATED FROM OPERATIONS</b>			
Profit on ordinary activities before taxation		94,074	101,678
Items not involving use of funds:			
Depreciation and goodwill amortisation		29,729	30,393
Share of profit of associated companies less dividends receivable		(603)	(724)
Extraordinary items		4,185	(1,702)
		<hr/>	<hr/>
		127,385	129,645
<b>OTHER FUNDS GENERATED</b>			
Issue of share capital by R.T.Z. Pillar Limited		-	55,000
Issue of share capital by overseas subsidiaries		82	169
Sale of tangible fixed assets		4,483	6,456
Sale of subsidiaries	24	(439)	6,265
Sale of associated company		9,298	-
		<hr/>	<hr/>
		140,809	197,535
<b>FUNDS APPLIED</b>			
Increase in working capital			
Stocks		19,800	13,530
Debtors		13,348	14,001
Creditors		(21,833)	(17,834)
		<hr/>	<hr/>
		11,315	9,697
Additions to tangible fixed assets		66,895	48,881
Acquisition of interests in subsidiaries	24	21,811	2,897
Investment in associated company		2,835	-
Redemption of Preference Shares by overseas subsidiary		1,228	7,074
Taxation paid		20,987	22,070
Dividends paid to R.T.Z. Pillar Limited shareholders		31,500	23,100
Dividends paid to outside shareholders		4,363	5,607
Other items		1,370	2,675
		<hr/>	<hr/>
		162,304	122,001
<b>(DEFICIT)/SURPLUS OF FUNDS GENERATED OVER FUNDS APPLIED</b>			
Decrease in opening debt on currency translation (see note below)		(21,495)	75,534
		<hr/>	<hr/>
		5,875	1,460
<b>(INCREASE)/DECREASE IN NET BORROWINGS</b>			
		<hr/>	<hr/>
		(15,620)	76,994
		=====	=====
Cash balances		(8,146)	34,784
Short-term borrowings		(4,849)	147
Loans		(4,072)	(13,667)
Finance lease obligations		1,447	730
Loan from holding company		-	55,000
		<hr/>	<hr/>
		(15,620)	76,994
		=====	=====

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

# **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.

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. Operating lease rentals are charged as an expense in the Group Profit and Loss Account.

#### **(e) Goodwill**

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 amortised through the Group Profit and Loss Account over its estimated useful economic life, but not exceeding twenty years.

#### **(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.

# R.T.Z. PILLAR LIMITED AND SUBSIDIARY COMPANIES

## NOTES TO THE ACCOUNTS

### 1 ACCOUNTING POLICIES - CONTINUED

#### (g) Deferred Taxation

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

#### (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:

	1987		1986	
	Turnover £'000	Profit before taxation £'000	Turnover £'000	Profit before taxation £'000
Aluminium, steel and related products	877,213	81,271	910,427	87,014
Engineering and other activities	305,051	12,803	251,220	14,664
	<u>1,182,264</u> =====	<u>94,074</u> =====	<u>1,161,647</u> =====	<u>101,678</u> =====

Turnover analysed by geographical destination is set out below:

	1987 £'000	1986 £'000
United Kingdom	666,098	575,594
United States of America	319,132	379,915
Canada	118,791	128,523
Mainland Europe	60,116	51,929
Other countries	18,127	25,686
	<u>1,182,264</u> =====	<u>1,161,647</u> =====

# R.T.Z. PILLAR LIMITED AND SUBSIDIARY COMPANIES

## NOTES TO THE ACCOUNTS

### 3 OPERATING COSTS

	1987 £'000	1986 £'000
Raw materials and consumables	685,370	636,994
Change in stocks of finished goods and work in progress	(14,850)	(3,521)
Other external charges	47,811	50,906
Staff costs:		
Wages and salaries	207,857	218,581
Social security costs	9,633	8,719
Other pension costs	3,703	3,438
Depreciation of tangible fixed assets:		
Owned assets	27,201	27,516
Leased assets	658	689
Hire of plant and machinery	4,193	4,207
Hire of other assets	5,405	5,258
Directors' emoluments, for management, including pension contributions (see Note 4)	1,010	951
Auditors' remuneration for the Group (of which £36,000 1986 £35,000, relates to R.T.Z. Pillar Limited)	896	981
Other operating charges	114,216	110,736
	<hr/>	<hr/>
Operating costs	1,093,103	1,065,455
Other operating income	(10,130)	(11,159)
Group's share of profits of associated companies	(603)	(1,292)
	<hr/>	<hr/>
	1,082,370	1,053,004
	=====	=====

### 4 DIRECTORS' EMOLUMENTS

(a) The Chairman received no emoluments in both years. The emoluments of the highest paid Director amounted to £105,564, 1986 £83,615.

(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:

	1987	1986
£		
60,001 to 65,000	-	1
70,001 to 75,000	1	2
80,001 to 85,000	2	-

In addition, four Directors, (in 1986 three) received no emoluments.

(c) In 1987, an ex-gratia payment of £35,336 was paid by the Company to a retiring Director.

(d) In 1986, pension augmentations amounting to £32,000 were paid by the Company in respect of past Directors.

## 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:

	1987	1986
Aluminium, steel and related products	14,538	13,868
Engineering and other activities	3,718	3,218
	<u>18,256</u>	<u>17,086</u>
	=====	=====

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

	1987	1986
£		
30,001 to 35,000	4	1
35,001 to 40,000	1	2
40,001 to 45,000	2	-
45,001 to 50,000	1	3
50,001 to 55,000	1	-
55,001 to 60,000	1	-
60,001 to 65,000	1	1
65,001 to 70,000	1	-

## 6 INTEREST

	1987 £'000	1986 £'000
Interest payable and similar charges:		
On bank loans, overdrafts, and other loans:		
Wholly repayable within five years	6,096	8,430
Other	3,077	2,383
Charges in respect of finance leases	490	654
	<u>9,663</u>	<u>11,467</u>
Less interest receivable:		
Bank deposits	5,713	6,690
	<u>3,950</u>	<u>4,777</u>
	=====	=====

# NOTES TO THE ACCOUNTS

## 7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1987 £'000	1986 £'000
(a) The taxation charge, which is based on the profit of the year, is made up as follows:		
United Kingdom Corporation Tax at 35% 1986 36.25%	23,346	21,271
Double taxation relief	(2,293)	(711)
Reduction reflecting intra-group taxation arrangements for the surrender of unrelieved Advance Corporation Tax	(16,503)	(16,592)
	<hr/>	<hr/>
Overseas taxation	4,550	3,968
Transfer to/(from) deferred taxation in respect of:	15,028	20,092
United Kingdom subsidiaries	(273)	(216)
Overseas subsidiaries	(297)	255
Share of associated companies' taxation charge	218	374
	<hr/>	<hr/>
	19,226	24,473
	=====	=====

(b) In accordance with the taxation arrangements within The RTZ Corporation PLC Group, the charge for current taxation in the United Kingdom has been reduced to 7.5% (1986 7%) of taxable profits. These arrangements recognise that there will be either payments for group relief at the rate of 7.5% or surrenders of unrelieved Advance Corporation Tax by the ultimate holding company for nil consideration. As these arrangements are expected to continue for the foreseeable future, deferred taxation in respect of United Kingdom subsidiaries has been provided 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

	1987 £'000	1986 £'000
Profit on sale of investment in associated company	4,185	-
Loss on sale or closure of subsidiaries and divisions	-	(1,702)
Less: Taxation relief	-	857
Outside shareholders' interest	-	353
	<hr/>	<hr/>
	4,185	(492)
	=====	=====

# NOTES TO THE ACCOUNTS

## 9 INTANGIBLE FIXED ASSETS - GOODWILL

	£'000
Cost:	
At beginning of year	33,858
Adjustment on currency translation	(3,288)
Acquisition of interests in subsidiaries	10,602
Elimination of fully amortised goodwill	(3,170)
	<hr/>
At end of year	38,002
	<hr/>
Amortisation:	
At beginning of year	11,894
Adjustment on currency translation	(1,133)
Amortisation charge for the year	1,870
Elimination of fully amortised goodwill	(3,170)
	<hr/>
At end of year	9,461
	<hr/>
Net book value at end of year	28,541
	=====
	<hr/>
Net book value at beginning of year	21,964
	=====

## 10 TANGIBLE FIXED ASSETS - GROUP

	Land and buildings Freehold £'000	Leasehold £'000	Plant and equipment £'000	Total £'000
Cost or valuation:				
At beginning of year	68,499	24,351	200,694	293,544
Adjustment on currency translation	(8,003)	(1,604)	(18,811)	(28,418)
	<hr/>	<hr/>	<hr/>	<hr/>
	60,496	22,747	181,883	265,126
Additions	20,414	3,727	42,754	66,895
Attributable to subsidiaries acquired	4,404	55	5,307	9,766
Disposals	(1,023)	(562)	(14,184)	(15,769)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	84,291	25,967	215,760	326,018
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:				
At beginning of year	8,546	5,722	112,509	126,877
Adjustment on currency translation	(977)	(629)	(10,558)	(12,164)
	<hr/>	<hr/>	<hr/>	<hr/>
	7,669	5,093	101,951	114,713
Depreciation for the year	1,710	1,071	25,078	27,859
Attributable to subsidiaries acquired	1,220	43	3,185	4,448
Disposals	(157)	(318)	(10,811)	(11,286)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	10,442	5,889	119,403	135,734
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at end of year	73,849	20,078	96,357	190,284
	=====	=====	=====	=====
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at beginning of year	59,853	18,629	88,185	166,667
	=====	=====	=====	=====

NOTES TO THE ACCOUNTS

10 TANGIBLE FIXED ASSETS - CONTINUED

(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 £974,000, 1986 £1,533,000, in respect of assets held under finance leases.

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

	1987 £'000	1986 £'000
Long leaseholds (leases with more than 50 years unexpired)		
Short leaseholds	11,461	9,393
Finance leases	4,308	4,081
	4,309	5,155
	<u>20,078</u>	<u>18,629</u>
	=====	=====

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

	1987 £'000	1986 £'000
Valuation in subsidiaries in 1978 (mainly on an open market existing use basis)		
Cost to R.T.Z. Pillar Limited or its subsidiaries	7,188	8,085
	103,070	84,765
	<u>110,258</u>	<u>92,850</u>
	=====	=====

If the valuation referred to above had not taken place, the comparable amounts for land and buildings stated on an historical cost basis would be:

	1987 £'000	1986 £'000
Cost		
Depreciation	108,581	91,173
	15,960	14,038
	<u>92,621</u>	<u>77,135</u>
	=====	=====

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

	Equipment £'000
Cost:	
At beginning of year	
Additions	705
Disposals	224
	(134)
At end of year	<u>795</u>
Depreciation:	
At beginning of year	
Depreciation for the year	429
Disposals	149
	(92)
At end of year	<u>486</u>
Net book value at end of year	<u>309</u>

## NOTES TO THE ACCOUNTS

## 12 INVESTMENTS

(a) Investments are all in related companies which are associated companies, and information relating to the principal investment is included on page 28.

	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	8,443	479	622	233	9,777
Adjustment on currency translation	(144)	(7)	(19)	(14)	(184)
Share of retained profit for the year	-	-	385	-	385
Additions	2,835	-	-	-	2,835
Disposals	(8,061)	(472)	(765)	-	(9,298)
At end of year	<u>3,073</u> =====	<u>-</u> =====	<u>223</u> =====	<u>219</u> =====	<u>3,515</u> =====

(b) In the opinion of the Directors, the value of investments which are all unlisted does not differ materially from the amounts at which they are stated in the accounts.

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

	1987 £000	1986 £000
Unlisted shares	-	90
Listed shares	-	478
	<u>-</u> =====	<u>568</u> =====

## 13 STOCKS

	1987 £'000	1986 £'000
Raw materials and consumables	82,616	80,072
Work in progress	28,710	28,928
Finished goods and goods for resale	62,939	52,998
	<u>174,265</u> =====	<u>161,998</u> =====

## NOTES TO THE ACCOUNTS

## 14 DEBTORS

	GROUP		R.T.Z. PILLAR LIMITED	
	1987	1986	1987	1986
	£'000	£'000	£'000	£'000
Trade debtors	239,817	234,026	-	-
Other debtors	7,766	10,829	275	143
Prepayments and accrued income	18,693	16,874	48	111
Amounts owed by fellow subsidiary companies outside the R.T.Z. Pillar Limited Group	275	174	30	-
	<u>266,551</u>	<u>261,903</u>	<u>353</u>	<u>254</u>
	=====	=====	=====	=====

Included in trade and other debtors are amounts totalling £30,719,000, 1986 £40,146,000, receivable over varying periods in excess of one year.

## 15 SHORT-TERM BORROWINGS

	GROUP	
	1987	1986
	£'000	£'000
Bank overdrafts	31,180	25,848
Current portion of : Loans (see Note 17)		
- bank	395	565
- other	1,662	1,838
Finance lease obligations (see Note 18)	419	556
	<u>33,656</u>	<u>28,807</u>
	=====	=====

## 16 CREDITORS

	GROUP		R.T.Z. PILLAR LIMITED	
	1987	1986	1987	1986
	£'000	£'000	£'000	£'000
Trade creditors	111,691	99,908	-	-
Bills of exchange	4,710	4,620	-	-
Other creditors	23,977	21,366	258	122
Accruals	31,784	29,690	264	178
Amounts owed to fellow subsidiary companies outside the R.T.Z. Pillar Limited Group	1,439	936	12	421
	<u>173,601</u>	<u>156,520</u>	<u>534</u>	<u>721</u>
	=====	=====	=====	=====

# R.I.Z. PILLAR LIMITED AND SUBSIDIARY COMPANIES

## NOTES TO THE ACCOUNTS

### 17 LOANS

	1987 £'000	1986 £'000
Bank loans		
Repayable by instalments at varying dates up to 2001. (Instalments due more than five years hence amount to £952,000, 1986 £1,326,000).	25,357	25,205
Other loans		
Repayable otherwise than by instalments		
- 10.1% Unsecured Debentures repayable in 1996	20,458	24,414
- Other loans repayable more than five years hence, average interest rate 8.6%	6,232	4,985
Repayable by instalments at varying dates up to 2004. (Instalments due more than five years hence amount to £7,624,000, 1986 £2,421,000).	12,115	5,832
	<hr/> 64,162	<hr/> 60,436
Less: amounts repayable within one year	2,057	2,403
	<hr/> 62,105	<hr/> 58,033
	=====	=====

Except where otherwise stated, loans are at variable market rates of interest. Bank loans include secured loans to overseas subsidiaries totalling £1,631,000, 1986 £2,533,000. Other loans include £9,530,000, 1986 £9,377,000, 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 1987 are as follows:

	1987 £'000	1986 £'000
1987	-	1,172
1988	904	1,082
1989 - 1992	3,802	4,394
1993 and thereafter	4,850	5,636
	<hr/> 9,556	<hr/> 12,284
Less : interest element	3,143	4,287
	<hr/> 6,413	<hr/> 7,997
Less : amounts repayable within one year	419	556
	<hr/> 5,994	<hr/> 7,441
	=====	=====

## 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:

	1987		1986	
	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	5,638	13,259	9,963	15,993
Advance Corporation Tax to be surrendered by ultimate holding company for nil consideration	(4,383)	(10,251)	(8,463)	(11,456)
	<u>1,255</u>	<u>3,008</u>	<u>1,500</u>	<u>4,537</u>
Overseas	3,199	13,206	3,979	12,055
	<u>4,454</u>	<u>16,214</u>	<u>5,479</u>	<u>16,592</u>
	=====	=====	=====	=====

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

	£'000
Provision at beginning of year	5,479
Adjustment on currency translation	(660)
Attributable to subsidiaries acquired	22
Transfer to tax on profit on ordinary activities	(570)
Transfer from current taxation	183
	<u>4,454</u>
	=====
Provision at end of year	4,454

## 20 SHARE CAPITAL

	1987 £'000	1986 £'000
Authorised share capital :		
170,000,000, 1986 170,000,000, Ordinary Shares of £1 each	170,000	170,000
	=====	=====
Issued, called up, and fully paid share capital :		
170,000,000, 1986 170,000,000, Ordinary Shares of £1 each	170,000	170,000
	=====	=====

# 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	1,293	1,531	159,996	162,820
Retained profit for year	-	-	37,332	37,332
Net exchange losses	-	(7,049)	(8,176)	(15,225)
Transfer between reserves	(32)	5,518	(5,486)	-
At end of year	<u>1,261</u> =====	<u>-</u> =====	<u>183,666</u> =====	<u>184,927</u> =====

The Revaluation Reserve is not available for distribution.

#### (b) R.T.Z. Pillar Limited

	Profit and Loss Account £'000
At beginning of year	13,001
Retained profit for year	8,299
At end of year	<u>21,300</u> =====

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

### 22 OUTSIDE SHAREHOLDERS' INTEREST

Floating rate Preference Shares have been issued to outside shareholders of an overseas subsidiary and at 31 December 1987 £12,275,000 of these shares were outstanding. £1,227,000 of these shares are redeemable at any time at the option of the issuing subsidiary and, after November 1988, at the option of the shareholders. The remaining £11,048,000 are redeemable at the option of the issuing subsidiary and £4,092,000, 1986 £4,883,000, of these shares are held by a fellow group subsidiary company.

# R.T.Z. PILLAR LIMITED AND SUBSIDIARY COMPANIES

## NOTES TO THE ACCOUNTS

### 23 SUBSIDIARY COMPANIES

Information relating to the principal subsidiaries of R.T.Z. Pillar Limited is set out on pages 27 and 28. Amounts owed by subsidiary companies include £19,150,000, 1986 £18,200,000, of dividends receivable.

### 24 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	
	1987 £'000	1986 £'000	1987 £'000	1986 £'000
Tangible fixed assets	5,318	1,263	-	3,816
Investments	-	(508)	-	-
Net current assets/(liabilities)	5,827	450	(439)	3,555
Goodwill	10,602	1,631	-	-
Outside shareholders' interest	86	453	-	(802)
Deferred taxation	(22)	(392)	-	(304)
	<u>21,811</u>	<u>2,897</u>	<u>(439)</u>	<u>6,265</u>
	=====	=====	=====	=====

### 25 PENSION FUNDS

Group companies and employees contribute to various pension funds operated either by The RTZ 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

### 26 CONTINGENT LIABILITIES AND COMMITMENTS

	GROUP	
	1987 £'000	1986 £'000
(a) There was a contingent liability at 31 December 1987 in respect of bills of exchange discounted by subsidiaries amounting to	2,881	3,092
(b) Provision has not been made in these accounts in respect of capital expenditure:		
(i) contracts entered into	21,883	19,619
(ii) authorised but not contracted for	16,356	14,248
(c) 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	
	1987 £'000	1986 £'000	1987 £'000	1986 £'000
Within 1 year	546	429	650	697
Between 1 and 5 years	1,042	1,545	3,286	2,544
After 5 years	3,752	3,220	451	1,155
	<u>5,340</u>	<u>5,194</u>	<u>4,387</u>	<u>4,396</u>
	=====	=====	=====	=====

### 27 EVENT SINCE THE END OF THE YEAR

On 6 January 1988 the offer by The RTZ Corporation PLC, for MK Electric Group PLC, a major manufacturer of electrical products and systems for buildings, became unconditional. It is intended that MK Electric will form a substantial business group within RTZ Pillar, which has already assumed management responsibility, and that RTZ's shareholding in MK Electric will be transferred to the RTZ Pillar Group in due course.

### 28 ULTIMATE HOLDING COMPANY

The RTZ Corporation PLC, incorporated in Great Britain, was the Company's ultimate holding company at 31 December 1987.

R.T.Z. PILLAR LIMITED

PRINCIPAL SUBSIDIARY AND ASSOCIATED COMPANIES

---

Pillar Aluminium Limited\*

Archital Luxfer Limited  
Acorn Exal Limited  
Beta Naco Limited#

Catnic Components Limited#  
Duraflex Limited  
Ellay Enfield Tubes Limited  
European Profiles Limited  
Glostal Limited  
Home Insulation Limited  
Indalex Limited

KWR Chemicals Limited  
Leyland Joinery Limited  
Mellowes PPG Limited

Pillar Naco Industries (Europe) Srl Italy  
Pillar Portuguesa (Aluminio), Portalex,  
S.A. Portugal  
Precision Metal Forming Limited  
Pressweld Limited  
R.T.Z. Extruders Limited

R.T.Z. Metal Stockholders Limited

Aluminium windows and patio doors  
Aluminium anodising and paint finishing  
Aluminium louvre doors and ventilation  
grilles  
Steel lintels and domestic garage doors  
Draught exclusion and double glazing systems  
Non-ferrous tube manufacturing  
Roll-forming steel sheeting  
Architectural aluminium systems  
'Everest' double glazing systems  
Extruding, anodising, painting and  
fabricating aluminium  
Chemical and machinery merchanting  
Glazed wood and aluminium doors and windows  
Aluminium and steel curtain walling, windows  
and doors  
Louvre windows and sunbreakers

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

Pillar Engineering Limited\*

Andrew Chalmers & Mitchell Limited(Scotland)  
Attewell-Mycroshims Limited  
Aviation Engineering & Maintenance Limited  
H+S Aviation Limited

John Lee (Sacks) Limited

Peak Engineering Company Limited  
Pillar Merchanting Limited

Pillar-Wedge Group Limited (73.5%)  
Pneumatic Components Limited  
The Skipper Group Limited

Manufacture of floodlighting equipment  
Manufacture of metal laminates and shims  
Overhaul and repair of aircraft components  
Overhaul and repair of aero engines  
and components  
Manufacture and merchanting of sacks and  
bags  
General precision engineering  
Distribution of tools and engineering  
and contractors' supplies  
General galvanising  
Manufacture of tyre inflation equipment  
Car and commercial vehicle dealer

# PRINCIPAL SUBSIDIARY AND ASSOCIATED COMPANIES CONTINUED

## Indal Limited (61.6%) Canada

### CANADA

Alumiprime Division  
Brampton Foundries Limited (87.5%)  
Commercial Aluminum Division

C.R. Metal Products Division  
Fabricated Steel Products Division

Fasco Products Division

Indalex Division  
Indalloy Division  
Indal Building Products Division

Indal Furniture Systems Division

Indal Metals Division  
Indal Wall Systems Ltd  
Indalglass Division  
Indal Technologies Inc.

Lite Metals Division  
McKnight Window Industries Division  
Peachtree Doors Canada Division

Technolite Glass Inc. (49%)

### U.S.A.

Better-Bilt Aluminum Products Co

Indal Aluminum Division

Indal Aluminum Gulfport Division

Indal Extrusion Division  
Indal Tool, Inc.  
Indal Wall Systems Inc.  
Mideast Aluminum Industries Division  
North American Die Casting Corp.  
Peachtree Doors, Inc (90%)  
Season-all Industries, Inc. (80%)

Tempglass Eastern, Inc. #  
Tempglass, Inc. #  
Tempglass Southern, Inc.  
Tempglass Western, Inc.  
Tubelite Division

Aluminium prime windows and patio doors  
Aluminium castings for general applications  
Aluminium store fronts, windows and curtain walling  
Cold rollformed metal products  
Automotive stampings for fabricated products  
Storm and patio door hardware and aluminium home improvement products  
Aluminium extrusion and fabrication  
Aluminium recycling and billet casting  
Aluminium vinyl and wood prime windows, doors and patio doors.  
Office panel systems and furniture components  
Cold rollformed steel and aluminium products  
Curtain wall and commercial window systems  
Glass laminating, tempering and processing  
Design engineering, structural products, shipboard helicopter hauldown and rapid securing systems and wind turbines  
Aluminium ladders  
Wood and vinyl windows and doors  
Residential insulated steel entry door systems  
Energy-conserving coated glass

Aluminium patio, storm and screen doors and prime and storm windows  
Aluminium extrusion, recycling and billet casting  
Aluminium extrusion recycling and billet casting  
Aluminium extrusion and finishing  
Extrusion dies  
Curtain wall and commercial window systems  
Aluminium extrusion and fabrication  
Zinc die cast products  
Residential windows and doors  
Aluminium storm windows & doors, vinyl and aluminium replacement windows  
Glass tempering and processing  
Glass tempering and processing  
Glass tempering and processing  
Glass tempering and processing  
Aluminium extrusion and fabricating

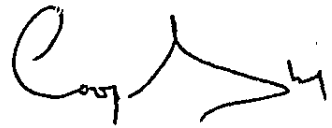
### NOTES:

1. The companies listed, which are registered in England unless otherwise shown, are those which principally affected the results or assets of the Group. Where companies operate through divisions these and their activities are shown.
2. Except where a smaller proportion is indicated the entire equity share capital and any other share capital of each company was owned by R.T.Z. Pillar Limited where marked\* and by a subsidiary or subsidiaries where not so marked. The existence of more than one class of share capital is indicated by #.

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 1987 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, 15 March 1988.