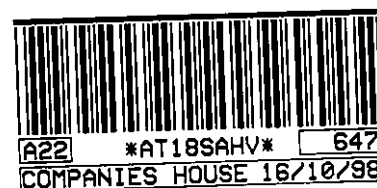


**PILKINGTON BROTHERS
(SOUTH WALES) LIMITED**

(Company Registration Number: 330122)

REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 1998



PILKINGTON BROTHERS (SOUTH WALES) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 1998

The directors present their annual report and the audited financial statements for the year ended 31 March 1998.

Activities

The Company has not traded during the year.

Directors

The following were directors of the company during the year:-

Mr J McKenna (Chairman)
Mr G M Hall
Mr I L Bradley
Mr I M Kirkwood (Appointed 26 February 1998)

Directors' Interests

None of the directors had any interest in the shares of the Company either at the beginning or end of the financial year.

The undermentioned directors, who were not also directors of the holding company, Pilkington plc, had the following interests in ordinary shares and in options to acquire shares in that company:-

	Pilkington plc				
	Ordinary shares of 50p each				
	1998	1997			
Mr J McKenna	5,205	5,205			
Mr G M Hall	-	-			
Mr I L Bradley	1,667	1,625			
Mr I M Kirkwood	1,000	1,000*			
	Shares under option				
	At 1.4.1997	Options granted	Options lapsed	Options exercised	At 31.3.1998
Mr J McKenna	110,965	32,440	33,181	-	110,224
Mr G M Hall	53,022	2,966	-	4,412	51,576
Mr I L Bradley	41,648	17,587	8,920	2,860	47,455
Mr I M Kirkwood	71,307*	-	-	-	71,307

* At date of appointment

Mr I M Kirkwood also has registered in his name at 31st March 1998 10,000 warrants to purchase Pilkington plc ordinary shares.

PILKINGTON BROTHERS (SOUTH WALES) LIMITED**REPORT OF THE DIRECTORS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 1998****Statement of Directors' responsibilities**

Company law requires the directors to prepare financial statements for each accounting period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

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

Auditors

A resolution proposing the re-appointment of the auditors, Coopers and Lybrand, will be put to the Annual General Meeting.

By order of the Board



P LOWE
Secretary

20 May

1998

**REPORT OF THE AUDITORS TO THE MEMBERS OF
PILKINGTON BROTHERS (SOUTH WALES) LIMITED**

We have audited the financial statements on pages 4 and 5.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.


Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 1998 and have been properly prepared in accordance with the Companies Act 1985.



COOPERS & LYBRAND
Chartered Accountants and Registered Auditors
LIVERPOOL

25. JUN. 1998 1998

PILKINGTON BROTHERS (SOUTH WALES) LIMITED

BALANCE SHEET - 31 MARCH 1998

		At 31.3.98	At 31.3.97
	Note	£	£
Fixed Assets			
Investments in fellow subsidiaries at cost		17	17
Current Assets			
Amount due from holding company		761,963	761,963
		<u>761,980</u>	<u>761,980</u>
Financed by			
Capital and Reserves:			
Called up share capital	4	120,000	120,000
Capital reserves		641,980	641,980
		<u>761,980</u>	<u>761,980</u>
Equity shareholders' funds			

The company was dormant (within the meaning of Section 250 of the Companies Act 1985) throughout the financial year ended at the date of this balance sheet, there having been no significant accounting transactions of the company required to be entered in its accounting records. Accordingly no profit and loss account has been prepared.

The financial statements on pages 4 and 5 were approved by the Board on *20 May* 1998.



Director

PILKINGTON BROTHERS (SOUTH WALES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998**

1 Accounting Policies

The financial statements have been prepared in accordance with the historical cost convention and in accordance with Accounting Standards applicable in the United Kingdom.

2 Results

The company has not traded during the year and has made neither profit nor loss.

3 Directors' Emoluments and Employee Information

None of the Directors received any emoluments from the Company during the year (1997 - nil).

The company did not employ anyone during the year (1997 nil). All administration duties are performed by employees of the ultimate holding company.

4 Share Capital

	1998	1997
Authorised		
150,000 ordinary shares of £1 each	<u>£150,000</u>	<u>£150,000</u>
Issued and fully paid		
120,000 ordinary shares of £1 each	<u>£120,000</u>	<u>£120,000</u>

5 Contingent Liabilities

At 31 March 1998 the company had no contingent liabilities incurred in the ordinary course of business arising out of guarantees and other transactions.

6 Ultimate Holding Company

The ultimate holding company is Pilkington plc, registered in England and Wales. Pilkington plc has prepared consolidated financial statements for the whole of the Pilkington Group, a copy of which can be obtained from the Company Secretary, Pilkington plc, Prescott Road, St Helens, WA10 3TT.