

PILKINGTON AUTOMOTIVE UK LIMITED

(Formerly Triplex Safety Glass Limited)

(Company Registration Number: 28033~~7~~44)

REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 2000



PILKINGTON

PILKINGTON AUTOMOTIVE UK LIMITED
(Formerly Triplex Safety Glass Limited)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2000

The directors present their annual report and the audited accounts for the year ended 31 March 2000.

Principal activities

The principal activity of the company is the manufacture of automotive safety glazing systems for both the original equipment producers and the replacement trade.

Review of business and future developments

On 1 April 1999 the Company changed its name from Triplex Safety Glass Ltd to Pilkington Automotive UK Ltd.

The profit and loss account for the year is set out on page 7.

The year to 31 March 2000 has been a challenging one for the Company. Continued downward price pressure from customers and some declines in volume have contributed to reduced margins. Rationalisation of inefficient production lines has occurred during the year and will continue during next year. The benefits of investment in improved production facilities and increased emphasis on manufacturing efficiency, following restructuring of the business, started to come through towards the end of the year.

Given the current and historic operating losses, the directors have assessed the carrying value of tangible fixed assets in accordance with Financial Reporting Standard number 11 (Impairment of Fixed Assets and Goodwill). Following their review, the directors have not made any write-down of the carrying value of tangible fixed assets as they consider that, at 31 March 2000, the expected trading cashflows that these assets would generate was in excess of their net book value.

Post Balance Sheet Events

On 27 April 2000, it was announced that Pilkington Group are to close its Coventry site which is operated by a fellow subsidiary, SIV/UK Limited. The majority of the business and assets will be transferred to the Kings Norton site of Pilkington Automotive UK Limited. It is anticipated that this will be completed within the year to 31 March 2001.

On 25 May 2000, Pilkington Group announced that it had reached agreement with Nippon Sheet Glass Group ("NSG") to acquire NSG's 20% shareholding in Pilkington Automotive UK Limited. NSG will be given shares in Pilkington plc in consideration of this change. This transaction was approved in an Extraordinary General Meeting of Pilkington plc on 20 July 2000. Pilkington's Automotive businesses and NSG will continue to cooperate in the supply of automotive products to their Japanese customers.

PILKINGTON AUTOMOTIVE UK LIMITED
(Formerly Triplex Safety Glass Limited)

REPORT OF THE DIRECTORS (CONTINUED)

Results and dividend

The loss for the year on ordinary activities before taxation amounted to £14.3m (1999 £9.2m loss), taxation thereon amounted to £2.4m credit (1999 £0.1m charge), leaving a loss after taxation amounting to £11.9m (1999 £9.4m). The directors do not recommend payment of a dividend. The loss for the financial year of £11.9m will be transferred to reserves.

Research and development

The company pays for and receives the benefits of all appropriate research and development work undertaken by the ultimate holding company.

Directors

The following were directors of the company during the year:

| | | <u>Date of Appointment</u> | <u>Date of Resignation</u> |
|--------------------|---------------------|----------------------------|----------------------------|
| Mr. G. Nightingale | (Chairman) | 21.10.94 | 31.10.99 |
| Mr. P. Zito | (Chairman) | 25.10.99 | N/A |
| Dr. M.T. Hyldon | (Managing Director) | 15.05.97 | N/A |
| Mr. M. Endo | | 11.08.93 | N/A |
| Mr. T.F. Rowland | | 01.04.98 | N/A |
| Mr. T. Sagara | | 15.09.98 | N/A |

Directors' interests

None of the directors has an interest in any contract of a material nature with the company.

None of the directors has an interest in the shares of the company or its subsidiary companies, either at the beginning or end of the financial year.

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

| | <u>Pilkington plc Ordinary shares Of 50p each</u> | |
|--------------|---|----------------------------------|
| | 31.3.2000 | 31.3.99 (or date of appointment) |
| Dr MT Hyldon | 43,095 | 33,685 |
| Mr P Zito | 65,753 | 65,345 |

PILKINGTON AUTOMOTIVE UK LIMITED
(Formerly Triplex Safety Glass Limited)

REPORT OF THE DIRECTORS (CONTINUED)

Directors' interests (continued)

| | At 1.4.99 (or date of Appointment) | Options Granted | Options lapsed | Options exercised | At 31.3.2000 |
|---------------|---|--------------------|-------------------|----------------------|-----------------|
| Dr MT Hyldon | 274,137 | 28,230 | 17,877 | - | 284,490 |
| Mr TF Rowland | 54,387 | 25,161 | - | - | 79,548 |
| Mr P Zito | 349,270 | - | - | - | 349,270 |

In addition to the above disclosure of shares under option, Mr P Zito and Dr MT Hyldon participate in Pilkington's deferred bonus plan, under which certain senior executives in the Pilkington Group are entitled to invest half or all of their performance-related bonus, after tax, in the company's shares which, if deposited with the trustees of the plan for a minimum period of three years, would be matched by Pilkington. The plan matches the shares purchased on a two-for-one basis at the net level (equivalent to 1.2-for-one at the gross level). Pilkington funds the trustees of the plan to enable them to purchase the matching shares at the same time as the participant purchases his shares.

The following directors held options to acquire, at no additional cost, the following number of matching shares under the plan:

| | Options held at 1 April 1999 | Exercised during year | Granted during year | Options held at 31 March 2000 |
|---------------|---------------------------------|--------------------------|------------------------|----------------------------------|
| Mr P Zito | - | - | 90,676 | 90,676 |
| Dr M T Hyldon | - | - | 18,820 | 18,820 |

Employee involvement

The company encourages employee involvement through communication and consultation on a wide range of issues. Planned regular communications take place through briefing meetings, newspapers and bulletins, which keep employees aware of the financial and economic factors affecting the Pilkington Group.

The company encourages participation in decision making at all levels in the business and has a comprehensive training programme for all employee sectors.

Certain senior executives participate in the Pilkington Senior Executives' Share Option Scheme and the employees are able to participate in the Savings Related Share Option Scheme. Both schemes are seen as a valuable method of encouraging employee commitment and involvement with the company.

PILKINGTON AUTOMOTIVE UK LIMITED
(Formerly Triplex Safety Glass Limited)

REPORT OF THE DIRECTORS (CONTINUED)

Disabled persons

The company's objective is to maintain, or exceed, in its employment the statutory number of disabled persons under the Disabled Persons (Employment) Act. It endeavours to integrate disabled persons with other employees and their training, career development and promotion is handled under the company's general policy covering these activities.

Where an employee becomes disabled, every effort is made to ensure continuity of employment and provide appropriate training.

Creditor Payments policy

The company's policy in relation to the payments of its suppliers is to settle its terms of payment with each supplier when agreeing the terms of each business transaction. The supplier is made aware of the terms which are detailed on the company's purchase orders. It is company practice to abide by the agreed terms of payments.

Trade creditors amounting to £6.4m (1999 £6.9m) reported in note 14 to the accounts, represent 53 days (1999 52 days) of average daily purchases.

Taxation status

The company was not a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Going concern

Given the negative shareholders' funds reported in the balance sheet on page 9, the directors have obtained assurances from the immediate parent undertaking, of continuing financial support for the foreseeable future. As a result, the directors are of the opinion that the company will be able to discharge its financial obligations as they fall due. Accordingly, these accounts have been prepared on a going concern basis.

Charitable contributions

The contributions made by the company during the year for charitable purposes amounted to £1,000 (1999 £3,000).

Year 2000 Compliance

As noted in last year's report and accounts, the directors were satisfied that the company was taking appropriate action to minimise the risks associated with the Year 2000 issue. In the event, the company did not suffer any significant hardware or software issues and no problems were experienced in the company's relationships with customers or suppliers.

PILKINGTON AUTOMOTIVE UK LIMITED
(Formerly Triplex Safety Glass Limited)

REPORT OF THE DIRECTORS (CONTINUED)

Year 2000 Compliance (continued)

The costs incurred during 1999 in ensuring Year 2000 compliance were not significant and were absorbed in either the capital or revenue costs as incurred, as the Year 2000 review was deemed to be part of the normal continuous cycle of hardware and software replacement or upgrade.

Given the nature of the problem, the company will continue to monitor the issue over the coming months and deal with any problems that arise. However the residual risk is considered remote.

Statement of Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year 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 accounts, the directors are required to:

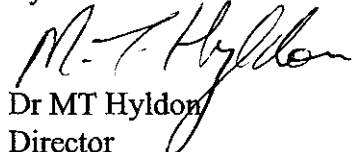
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 accounts 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 to re-appoint the auditors, PricewaterhouseCoopers, will be proposed at the Annual General Meeting.

By order of the Board


Dr MT Hyldon
Director

30th August 2000

PILKINGTON AUTOMOTIVE UK LIMITED
 (Formerly Triplex Safety Glass Limited)

**REPORT OF THE AUDITORS TO THE MEMBERS OF
 PILKINGTON AUTOMOTIVE UK LIMITED**

We have audited the accounts on pages 7 to 24 which have been prepared under the historical cost convention and the accounting policies set out on pages 11 to 13.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report. As described on page 5, this includes responsibility for preparing the accounts in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we became aware of any apparent misstatements or material inconsistencies with the accounts.

Basis of audit 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 March 2000 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the United Kingdom Companies Act 1985.

PricewaterhouseCoopers
 Chartered Accountants and Registered Auditors

PricewaterhouseCoopers Manchester
30 August 2000

PILKINGTON AUTOMOTIVE UK LIMITED
(Formerly Triplex Safety Glass Limited)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2000

| | Note | 2000 £000 | 1999 £000 |
|--|------|--------------|--------------|
| Turnover | | | |
| Continuing operations | 3 | 78,894 | 76,956 |
| Operating loss | | | |
| Continuing operations | 5 | (1,944) | (3,096) |
| Restructuring of continuing operations: | | | |
| Costs incurred | | (7,762) | (5,220) |
| Provision created in the year | 4 | (3,936) | (3,488) |
| Previous provision utilised | | 2,462 | 5,220 |
| | | (9,236) | (3,488) |
| Loss before interest | | (11,180) | (6,584) |
| Interest payable less receivable | 6 | (3,138) | (2,654) |
| Loss on ordinary activities before taxation | | (14,318) | (9,238) |
| Taxation | 7 | 2,419 | (122) |
| Retained loss for the year | 19 | (11,899) | (9,360) |

PILKINGTON AUTOMOTIVE UK LIMITED
(Formerly Triplex Safety Glass Limited)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2000

| | 2000 £000 | 1999 £000 |
|--------------------------------------|--------------|--------------|
| Loss for the year | (11,899) | (9,360) |
| Other recognised gains/(losses) | - | - |
| Total recognised losses for the year | (11,899) | (9,360) |
| Prior period adjustment | - | 3,488 |
| Total recognised losses | (11,899) | (5,872) |

NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2000

There were no material differences between the reported loss on ordinary activities before taxation and the historical cost loss for the year. Similarly, there are no such adjustments in respect of 1999.

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 MARCH 2000

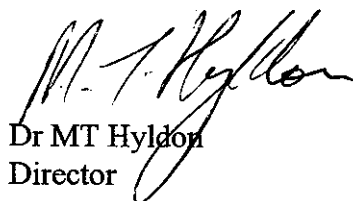
| | 2000 £000 | 1999 £000 |
|---|--------------|--------------|
| Loss for the year attributable to shareholders | (11,899) | (9,360) |
| Net decrease in shareholders' funds for the year | (11,899) | (9,360) |
| Shareholders' (deficiency)/funds at beginning of year | (1,602) | 7,758 |
| Shareholders' deficiency at end of year | (13,501) | (1,602) |

PILKINGTON AUTOMOTIVE UK LIMITED
(Formerly Triplex Safety Glass Limited)

BALANCE SHEET AS AT 31 MARCH 2000

| | Note | 2000 £000 | 1999 £000 |
|--|------|-----------------|-----------------|
| ASSETS EMPLOYED | | | |
| Fixed assets | | | |
| Tangible assets | 11 | 39,450 | 41,203 |
| Current assets | | | |
| Stocks | 12 | 9,238 | 9,514 |
| Debtors | 13 | 13,380 | 10,360 |
| Cash at bank and in hand | | 909 | 1,163 |
| | | <u>23,527</u> | <u>21,037</u> |
| Creditors – amounts falling due within one year | 14 | (63,865) | (50,077) |
| Net current liabilities | | <u>(40,338)</u> | <u>(29,040)</u> |
| Total assets less current liabilities | | <u>(888)</u> | <u>12,163</u> |
| FINANCED BY | | | |
| Creditors – amounts falling due after more than one year | 15 | 3,987 | 6,710 |
| Provision for liabilities and charges | 16 | 7,728 | 6,101 |
| Deferred income | 17 | 898 | 954 |
| Capital and reserves | | | |
| Share capital | 18 | 46,500 | 46,500 |
| Profit and loss account deficit | 19 | (60,001) | (48,102) |
| Equity shareholders' deficiency | | <u>(13,501)</u> | <u>(1,602)</u> |
| | | <u>(888)</u> | <u>12,163</u> |

The accounts on pages 7 to 24 were approved by the Board of Directors on 30th August 2000 and were signed on its behalf by:


Dr MT Hyldon
Director

PILKINGTON AUTOMOTIVE UK LIMITED
(Formerly Triplex Safety Glass Limited)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2000

| | Note | 2000 £000 | 1999 £000 |
|---|------|--------------|--------------|
| NET CASH OUTFLOW FROM OPERATING ACTIVITIES | 21 | (2,480) | (3,759) |
| Returns on investments and servicing of finance | | | |
| Interest - paid (excluding finance leases) | | (2,688) | (1,879) |
| - paid (finance leases) | | (555) | (857) |
| - received | | 46 | 82 |
| Net cash outflow from returns on investments and servicing of finance | | (3,197) | (2,654) |
| Taxation received | | | |
| Group relief recovered | | 292 | 1,046 |
| Capital expenditure and financial investment | | | |
| Tangible fixed assets – purchases | | (6,866) | (5,836) |
| - disposals | | 77 | 1,224 |
| Government grants received | | - | 250 |
| Net cash outflow from capital expenditure and financial investment | | (6,789) | (4,362) |
| NET CASH OUTFLOW BEFORE FINANCING | | (12,174) | (9,729) |
| Financing | | | |
| New loans taken out | 22 | 14,688 | 12,821 |
| Capital element of finance leases repaid | 22 | (2,811) | (3,390) |
| | | 11,877 | 9,431 |
| DECREASE IN CASH AND OVERDRAFTS | 22 | (297) | (298) |

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

| | 2000 £000 | 1999 £000 |
|--|--------------|--------------|
| Net debt at beginning of year | (42,168) | (32,439) |
| Decrease in cash and overdrafts in the year | (297) | (298) |
| Net increase in loans | (14,688) | (12,821) |
| Net decrease in obligations under finance leases | 2,811 | 3,390 |
| Net debt at end of year | (54,342) | (42,168) |

PILKINGTON AUTOMOTIVE UK LIMITED
(Formerly Triplex Safety Glass Limited)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2000

1 Principal accounting policies

The accounts are prepared in accordance with the historical cost convention. The accounts are also prepared in accordance with Accounting Standards applicable in the United Kingdom.

As noted in the directors report on page 4, the accounts are prepared on a going concern basis as the directors have received assurances of continuing financial support from the immediate parent undertaking.

A summary of the major accounting policies, which have been consistently applied, is set out below.

Turnover

Turnover is based on the invoiced value of sales, excluding VAT.

Deferred income

Regional development grants and other investment grants are taken to deferred income and are released to the profit and loss account in appropriate instalments relating to the type and nature of expenditure they are intended to fund.

Research and development

Revenue expenditure on research and development is charged against the profits of the year in which it is incurred.

Pension costs

Pension costs have been accounted for in accordance with the United Kingdom Accounting Standard No 24 - Accounting for Pension Costs.

The pension cost relates to defined contribution schemes and is the amount of contribution payable in the respective financial year.

Tangible assets and depreciation

Tangible assets are stated at historical cost or, in certain cases, at valuation. Cost includes the original purchase price of the assets and the costs attributable to bringing the asset to its working condition for its intended use.

PILKINGTON AUTOMOTIVE UK LIMITED
(Formerly Triplex Safety Glass Limited)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2000

Tangible assets and depreciation (cont'd)

Freehold land is not depreciated.

Depreciation is charged on all other categories of tangible fixed assets so as to write off the cost, or where applicable, the valuation, by equal annual instalments over the expected lives of the assets, such depreciation commencing at the start of the half year after the asset is commissioned.

Depreciation is written off in accordance with the following lives of assets:

Freehold buildings and long leasehold buildings: 20 years to 70 years

Plant, machinery and vehicles: 2 years to 15 years

Finance leases

Assets held under finance leases are included in tangible assets at cost and are depreciated over the shorter of the lease term or their useful life. Obligations relating to finance leases, net of finance changes in respect of future periods, are included as appropriate under creditors due within or after one year. Finance charges are allocated to accounting periods over the lease term to reflect a constant rate of interest on the remaining balance of the obligation.

Operating leases

Rentals under operating leases are charged to the profit and loss account as incurred.

Foreign currencies

Foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Exchange differences are taken to the profit and loss account.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes all direct expenditure and works overhead expenditure incurred in bringing goods to their current state under normal operating conditions. The works overhead expenditure includes charges for depreciation of tangible assets, but excludes research and development, distribution, selling, divisional and head office expenses.

PILKINGTON AUTOMOTIVE UK LIMITED
(Formerly Triplex Safety Glass Limited)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2000

1 Principal accounting policies (cont'd)

Deferred taxation

Deferred taxation is provided on the liability method at current or expected future rates of tax in respect of timing differences between profits as computed for tax purposes and profits as stated in the accounts except to the extent that, in the opinion of the directors, the potential tax liability will not become payable in the foreseeable future.

2 Segmental analysis of continuing operations

The directors consider that the company is engaged in only one class of business.

3 Geographical analysis of turnover by markets

| | 2000 | | 1999 | |
|-----------------------|---------------|------------|---------------|------------|
| | Continuing | % | Continuing | % |
| United Kingdom | 73,338 | 92 | 72,992 | 95 |
| Europe (excluding UK) | | | | |
| - EU | 4,659 | 6 | 3,146 | 4 |
| - Non EU | 417 | 1 | 266 | - |
| North America | 477 | 1 | 500 | 1 |
| Rest of the World | 3 | - | 52 | - |
| | <u>78,894</u> | <u>100</u> | <u>76,956</u> | <u>100</u> |

4 Exceptional charges

An exceptional charge of £9.2m (1999 £3.5m) in respect of restructuring costs has been made in the year. £5.5m (1999 £3.5m) relates to redundancy costs, £3.5m (1999 £nil) for accelerated depreciation on tangible fixed assets and £0.2m (1999 £nil) to other costs associated with the restructuring.

The tax effect of this exceptional restructuring charge is £nil (1999 £nil).

PILKINGTON AUTOMOTIVE UK LIMITED
(Formerly Triplex Safety Glass Limited)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2000

5 Statutory information

| | 2000 Continuing £000 | 1999 Continuing £000 |
|---|----------------------------|----------------------------|
| Turnover | 78,894 | 76,956 |
| Cost of sales | (72,258) | (70,309) |
| Gross profit | 6,636 | 6,647 |
| Distribution costs | (1,571) | (2,224) |
| Administrative expenses | (7,009) | (7,519) |
| Operating loss | (1,944) | (3,096) |
| | 2000 £000 | 1999 £000 |
| Operating loss is after charging/(crediting): | | |
| Depreciation of tangible fixed assets | 4,477 | 3,776 |
| (Profit) on disposal of tangible fixed assets | (15) | (47) |
| Operating lease costs – plant and machinery | 779 | 706 |
| Auditors' remuneration - audit | 35 | 48 |
| - other non-audit services | 7 | 20 |
| Management charge from Group undertaking | 2,742 | 2,374 |
| Research and development expenditure | 1,231 | 1,406 |
| Amortisation of government grants | (56) | (169) |

6 Interest payable less receivable

| | 2000 £000 | 1999 £000 |
|--|--------------|--------------|
| Interest payable to Group undertakings | 2,688 | 1,879 |
| Interest payable on finance leases | 496 | 857 |
| Less: other interest receivable | (46) | (82) |
| | 3,138 | 2,654 |

PILKINGTON AUTOMOTIVE UK LIMITED
(Formerly Triplex Safety Glass Limited)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2000

7 Taxation

| | 2000 £000 | 1999 £000 |
|--|--------------|--------------|
| United Kingdom corporation tax at 30% (1999 31%) | | |
| Group relief | (2,419) | (292) |
| Under/(over) provision in respect of prior years | | |
| Group relief | - | 414 |
| | (2,419) | 122 |

Payment is received for group relief surrendered at an amount equivalent to the corporation tax saved by the group company receiving the benefit of the tax losses surrendered.

8 Related party transactions

| | 2000 £000 | 2000 £000 | 2000 £000 | 1999 £000 |
|-----------------------------------|---------------------|--------------|--------------|--------------|
| | Director Related | Other | Total | |
| Sales to Group undertakings | | | | |
| : Goods | 7,739 | 3,465 | 11,204 | 12,399 |
| : Fixed assets | 57 | 0 | 57 | 1,210 |
| : Other | 4,245 | 673 | 4,918 | 4,715 |
| : Total | 12,041 | 4,138 | 16,179 | 18,324 |
| Purchases from Group undertakings | | | | |
| : Goods | 5,481 | 17,728 | 23,209 | 21,791 |
| : Fixed assets | 2,975 | 11 | 2,986 | 261 |
| : Other | 4,206 | 1,214 | 5,420 | 7496 |
| | 12,662 | 18,953 | 31,615 | 29,548 |
| Balances outstanding at 31/03/00 | | | | |
| : Due from Group Companies | 2,348 | 178 | 2,526 | 1,943 |
| : Due to Group Companies | 1,334 | 2,662 | 3,996 | 4,292 |

Fixed assets have been transferred at Net Book Value.

Dr M.T. Hyldon and Mr P. Zito, directors of the Company, are also directors of various other Pilkington Group Companies. The trading activities between the Company and these related parties are summarised in the table above.

PILKINGTON AUTOMOTIVE UK LIMITED
(Formerly Triplex Safety Glass Limited)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2000

8 Related party transactions (continued)

Nippon Sheet Glass Ltd. of Japan (NSG), through its subsidiary NSG Holdings USA Inc., is a holder of 20% of the share capital of the company. During the year, the Company paid £743,909 (1999 £813,231) to NSG in respect of technical and management services received and £2,484,379 (1999 £1,475,355) in respect of goods purchased from NSG businesses, and NSG subsidiaries purchased £181,031 (1999 £192,111) worth of goods from the company. As at 31 March 2000, £244,611 (1999 £854,431) was owed by the company to NSG and £nil (1999 £33,504) was due to the company from NSG subsidiaries.

9 Employee pay and numbers (excluding directors)

| | 2000 £000 | 1999 £000 |
|----------------------------------|--------------|--------------|
| Employment costs: | | |
| Wages and salaries | 19,695 | 21,576 |
| Social security costs | 1,425 | 1,686 |
| Pension costs | 1,663 | 1,848 |
| | 22,783 | 25,110 |
| Average number of employees | No | No |
| St Helens, UK | 483 | 557 |
| Birmingham, UK | 383 | 468 |
| | 866 | 1,025 |
| Number employed at 31 March 2000 | 797 | 920 |

10 Directors' emoluments

| | 2000 £ | 1999 £ |
|---|-----------|-----------|
| Aggregate emoluments | 75,937 | 117,940 |
| Company pension contributions to defined contribution schemes | 6,325 | 13,757 |

Retirement benefits are accruing to one of the directors under the Group's defined contribution schemes (1999: two).

No (1999 nil) directors exercised share options, and three (1999 two) became entitled to receive shares under Pilkington Share Option Schemes in the year.

PILKINGTON AUTOMOTIVE UK LIMITED
(Formerly Triplex Safety Glass Limited)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2000

The emoluments of Mr G. Nightingale were paid by the ultimate parent company (Pilkington plc). Mr Nightingale's services to this company and to a number of fellow subsidiaries were of a non-executive nature and his emoluments are deemed to be wholly attributable to his services to the parent company. Accordingly, the above details include no emoluments in respect of Mr Nightingale.

The emoluments of Mr P Zito from the date of his appointment to 31 December 1999 were paid by the company. The emoluments of Mr Zito from 1 January 2000 and of Dr M.T. Hyldon and Mr M. Endo for the year ended 31 March 2000 were incurred by Pilkington Automotive Ltd, a sister company of Pilkington Automotive UK Ltd. Pilkington Automotive Ltd charges the Company a general management fee which includes an unspecified element for Mr P Zito's, Dr M T Hyldon's and Mr Endo's services.

PILKINGTON AUTOMOTIVE UK LIMITED
(Formerly Triplex Safety Glass Limited)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2000

11 Tangible assets

| | Land and buildings | Plant, machinery and vehicles | Total |
|---|-------------------------------|--|----------------------|
| | £000 | £000 | £000 |
| At cost | | | |
| At 1 April 1999 | 6,943 | 69,995 | 76,938 |
| Additions | - | 5,607 | 5,607 |
| Disposals | (132) | (11,957) | (12,089) |
| Transfers from Group undertaking | - | 899 | 899 |
| At 31 March 2000 | <u>6,811</u> | <u>64,544</u> | <u>71,355</u> |
| Accumulated depreciation | | | |
| At 1 April 1999 | 3,452 | 32,283 | 35,735 |
| Charge for the year | 202 | 4,275 | 4,477 |
| Accelerated Depreciation (note 4) | 8 | 3,476 | 3,484 |
| Disposals | (132) | (11,952) | (12,084) |
| Transfers from Group undertaking | - | 293 | 293 |
| At 31 March 2000 | <u>3,530</u> | <u>28,375</u> | <u>31,905</u> |
| Written down value at 31 March 2000 | <u><u>3,281</u></u> | <u><u>36,169</u></u> | <u><u>39,450</u></u> |
| | | 2000 | 1999 |
| | | £'000 | £'000 |
| Land and buildings at net book value comprise: | | | |
| Freehold | | 1,169 | 1,232 |
| Long leasehold | | 2,112 | 2,259 |
| | | <u><u>3,281</u></u> | <u><u>3,491</u></u> |

PILKINGTON AUTOMOTIVE UK LIMITED
(Formerly Triplex Safety Glass Limited)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2000

11 Tangible assets (continued)

Tangible assets include the cost of assets in the course of construction and payments on account amounting to £0.7 (1999 £4.1m). Plant, machinery and vehicles include items acquired under finance leases comprising cost of £14.5m (1999 £18.3m), accumulated depreciation of £3.9m (1999 £4.7m) and written down value of £10.6m (1999 £13.6m). Depreciation charged in the year on these assets amounted to £0.9m (1999 £1.3m).

No provision is made for any tax on capital gains that might arise on the disposal of the company's properties at their balance sheet amounts.

12 Stocks

| | 2000 £000 | 1999 £000 |
|------------------|--------------|--------------|
| Raw materials | 2,028 | 1,446 |
| Stores | 1,950 | 2,384 |
| Work in progress | 1,739 | 452 |
| Finished goods | 3,521 | 5,232 |
| | 9,238 | 9,514 |
| | 9,238 | 9,514 |

13 Debtors

| | 2000 £000 | 1999 £000 |
|---|--------------|--------------|
| Amounts falling due within one year | | |
| Trade debtors | 8,289 | 8,273 |
| Amounts owed by Group undertakings | 4,945 | 1,943 |
| Other debtors | 33 | 70 |
| | 13,267 | 10,286 |
| Amounts falling due after more than one year | | |
| Other debtors | 113 | 74 |
| | 13,380 | 10,360 |
| | 13,380 | 10,360 |

PILKINGTON AUTOMOTIVE UK LIMITED
(Formerly Triplex Safety Glass Limited)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2000

14 Creditors - amounts falling due within one year

| | 2000 | 1999 |
|------------------------------------|---------------|---------------|
| | £000 | £000 |
| Bank overdrafts | 50 | 7 |
| Trade creditors | 6,449 | 6,949 |
| Amounts owed to Group undertakings | 52,488 | 38,096 |
| Other taxation and social security | 1,551 | 1,103 |
| Other creditors | 3 | 2 |
| Amounts owing under finance leases | 2,722 | 2,810 |
| Accruals | 602 | 1,110 |
| | <u>63,865</u> | <u>50,077</u> |

Amounts owed to Group undertakings includes a loan of £48,492,000 (1999 £33,804,000) from Pilkington Finance Limited, a fellow subsidiary. This loan is due for repayment on 31 December 2000. The directors have obtained assurances from Pilkington Finance Limited of continuing financial support for the foreseeable future. No security has been provided for this loan.

The company has an overdraft facility, repayable on demand, for which no security has been provided

15 Creditors - amounts falling due after more than one year

| | 2000 | 1999 |
|------------------------------------|--------------|--------------|
| | £000 | £000 |
| Amounts owing under finance leases | | |
| - within 2 to 5 years | 3,987 | 6,710 |
| | <u>3,987</u> | <u>6,710</u> |

PILKINGTON AUTOMOTIVE UK LIMITED
(Formerly Triplex Safety Glass Limited)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2000

16 Provision for liabilities and charges

| | Deferred Taxation | Pensions | Redundancies and Restructuring | Cumulative leave | Other | Total |
|------------------------------------|----------------------|----------|--------------------------------------|---------------------|-------|---------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| At 1 April 1999 | - | 2,611 | 2,690 | 526 | 274 | 6,101 |
| Charged to profit and loss account | - | 1,470 | 3,936 | 54 | 49 | 5,509 |
| Utilised during year | - | (1,178) | (2,462) | (69) | (173) | (3,882) |
| At 31 March 2000 | - | 2,903 | 4,164 | 511 | 150 | 7,728 |
| Maturity profile of provisions | | | | | | |
| Within 1 year | - | 890 | 4,164 | 51 | 89 | 5,194 |
| Between 1 and 2 years | - | 555 | - | 51 | 61 | 667 |
| Between 2 and 5 years | - | 1,392 | - | 153 | - | 1,545 |
| Over 5 years | - | 66 | - | 256 | - | 322 |
| | - | 2,903 | 4,164 | 511 | 150 | 7,728 |

PILKINGTON AUTOMOTIVE UK LIMITED
(Formerly Triplex Safety Glass Limited)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2000

16 Provision for liabilities and charges (cont'd)

Deferred taxation

| | 2000 £000 | 1999 £000 |
|---|---------------|-------------------|
| The deferred tax which has not been provided amounted to | | |
| Capital allowances in excess of related depreciation | 2,805 | 3,588 |
| Other timing differences: | | |
| Provisions and accruals | (2,448) | (2,117) |
| Future benefit of tax losses | (357) | - |
| | <hr/> - <hr/> | <hr/> 1,471 <hr/> |

17 Deferred income

| | 2000 Investment Grants £000 | 1999 Investment Grants £000 |
|------------------------------------|--------------------------------------|--------------------------------------|
| At 1 April 1999 | 954 | 873 |
| Amounts receivable in year | - | 250 |
| Release to profit and loss account | (56) | (169) |
| At 31 March 2000 | <hr/> 898 <hr/> | <hr/> 954 <hr/> |

Investment grants include £550,000 gross value (£343,000 at written down value) relating to the NC5 cutting and printing line in Kings Norton. At the 31 March 2000, part of this equipment was no longer used. Discussions are currently taking place with the Department of Trade and Industry to establish whether any of this grant will be repayable.

PILKINGTON AUTOMOTIVE UK LIMITED
(Formerly Triplex Safety Glass Limited)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2000

18 Share capital

| | 2000 £000 | 1999 £000 |
|--|--------------------|--------------------|
| Authorised, allotted, called up and fully paid | | |
| 372,000 "A" ordinary shares of £100 each | 37,200 | 37,200 |
| 93,000 "B" ordinary shares of £100 each | 9,300 | 9,300 |
| | <hr/> 46,500 <hr/> | <hr/> 46,500 <hr/> |

The "A" and "B" ordinary shares rank pari passu in all significant respects.

19 Profit and loss account

| | 2000 £000 |
|------------------------|----------------------|
| At 1 April 1999 | (48,102) |
| Retained loss for year | (11,899) |
| At 31 March 2000 | <hr/> (60,001) <hr/> |

20 Commitments and contingent liabilities

| | 2000 £000 | 1999 £000 |
|---|-----------------|-------------------|
| (a) Capital expenditure | | |
| Contracts placed but not provided for in the accounts | <hr/> 385 <hr/> | <hr/> 1,353 <hr/> |

PILKINGTON AUTOMOTIVE UK LIMITED
(Formerly Triplex Safety Glass Limited)

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2000**

20 Commitments and contingent liabilities (continued)

| | 2000 Other £000 | 1999 Other £000 |
|--|-----------------------|-----------------------|
| (b) Operating lease commitments | | |
| The company's operating lease commitments for the following financial year are as follows: | | |
| For leases expiring: | | |
| Within one year | 106 | 80 |
| Between two and five years | 179 | 522 |
| After five years | - | 24 |
| | 285 | 626 |

(c) Other guarantees or contingent liabilities

At 31 March 2000, the company had contingent liabilities incurred in the ordinary course of business arising out of guarantees and other transactions including a joint and several liability for VAT under a Pilkington plc group registration and also for a cash management guarantee with the bank. In the opinion of the directors, no material amounts are expected to become payable.

21 Reconciliation of operating loss to net cash outflow from operating activities

| | 2000 £000 | 1999 £000 |
|---|--------------|--------------|
| Operating profit/(loss) | (1,944) | (3,096) |
| Depreciation and amortisation | 4,477 | 3,776 |
| Deferred income released | (56) | (169) |
| Profit/(loss) on disposal of tangible fixed assets (included in operating profit) | (15) | (47) |
| Cash inflow/(outflow) arising from changes in working capital: | | |
| Stocks and work in progress | 276 | (2,150) |
| Debtors | (893) | 5,397 |
| Creditors | (200) | (841) |
| Provisions | 153 | (6,629) |
| Exceptional costs incurred | (9,236) | |
| Exceptional provisions | 1,474 | |
| Less accelerated depreciation | 3,484 | |
| | (4,278) | - |
| | (2,480) | (3,759) |

PILKINGTON AUTOMOTIVE UK LIMITED
(Formerly Triplex Safety Glass Limited)

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2000**

22 Analysis of changes in net debt

| | Cash | Overdrafts | Loans from fellow subsidiary | Finance Leases | Net Debt |
|--|-------|------------|---------------------------------------|-------------------|-------------|
| | £000 | £000 | £000 | £000 | £000 |
| Balance at the year ended 31 March 1999 | 1,163 | (7) | (33,804) | (9,520) | (42,168) |
| Net cash (outflow)/inflow | (254) | (43) | (14,688) | 2,811 | (12,174) |
| Balance at the year ended 31 March 2000 | 909 | (50) | (48,492) | (6,709) | (54,342) |

23 Pensions and similar obligations

The company's employees are members of the Pilkington Superannuation Scheme or the Pilkington Pension Scheme, both of which are in the nature of defined contribution schemes. The pension cost charge for the year amounted to £1.7m (1999 £1.8m). Amounts due to the schemes are as disclosed in note 16. Details of the pension schemes are noted in the accounts of the ultimate holding company, Pilkington plc.

24 Post Balance Sheet Events

On 27 April 2000, it was announced that Pilkington Group are to close its Coventry site which is operated by a fellow subsidiary, SIV/UK Limited. The majority of the business and assets will be transferred to the Kings Norton site of Pilkington Automotive UK Limited. It is anticipated that this will be completed within the year to 31 March 2001.

On 25 May 2000, Pilkington Group announced that it had reached agreement with Nippon Sheet Glass Group ("NSG") to acquire NSG's 20% shareholding in Pilkington Automotive UK Limited. NSG will be given shares in Pilkington plc in consideration of this change. This transaction was approved in an Extraordinary General Meeting of Pilkington plc on 20 July 2000. Pilkington Automotive and NSG will continue to cooperate in the supply of automotive products to their Japanese customers.

25 Ultimate and immediate parent undertakings

The immediate parent undertaking is Pilkington Overseas Holdings Limited, registered in England and Wales. This company has not prepared consolidated accounts as the directors regard the ultimate parent undertaking and controlling party to be Pilkington plc, a company registered in England and Wales. Pilkington plc has prepared consolidated accounts for the whole of the Pilkington Group, a copy of which can be obtained from the Company Secretary, Pilkington plc, Prescot Road, St Helens, WA10 3TT.