

**PILKINGTON TECHNOLOGY MANAGEMENT LIMITED**

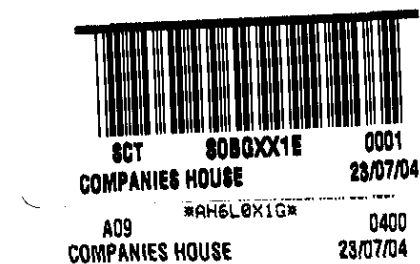
(Company Registration Number: SC38385 )

**REPORT AND ACCOUNTS**

**YEAR ENDED 31 MARCH 2004**



**PILKINGTON**



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**PILKINGTON TECHNOLOGY MANAGEMENT LIMITED**

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**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2004**

The directors present their annual report and the audited accounts of the company for the year ended 31 March 2004.

**Principal activities**

The principal activities of the company are as follows:

- (a) To carry on business as inventor, developer, acquirer, disposer, controller, manager, licensor and licensee of all kinds of technology, and as an owner, acquirer, disposer, controller, manager, licensor and licensee of all kinds of intellectual and industrial property rights;
- (b) To carry on business as a receiver, user and provider of all kinds of technological assistance and as an acquirer, user and supplier of equipment and services in connection with any technology owned, controlled, managed or licensed to or from third parties by the Company or Pilkington plc or any subsidiary or associate company of Pilkington plc;
- (c) To engage in any form of exploitation or use of all kinds of technology and all kinds of intellectual and industrial property rights.

**Review of business and future developments**

Both the level of business and the year end financial position remain satisfactory and the directors expect that the present level of activity will at least be sustained for the foreseeable future.

**Results and dividend**

The profit for the year on ordinary activities before taxation amounted to £11,405,000 (2003 £7,985,000, taxation thereon amounted to £1,654,000 (2003 £3,406,000), leaving a profit after taxation amounting to £9,751,000 (2003 £4,579,000). The directors recommend the payment of a dividend of £5,000,000 (2003 £Nil). After payment of the dividend, the retained profit for the financial year of £4,751,000 will be transferred to reserves.

**Research and development**

Research and Development work is carried out by the company for the Pilkington Group's Flat & Safety operations worldwide. Expenditure during the year amounted to £17.5million (2003 £16.9 million).

# PILKINGTON TECHNOLOGY MANAGEMENT LIMITED

## REPORT OF THE DIRECTORS (CONTINUED)

### Directors

The following were directors of the company during the year:

Mr I P Lough

Dr D N Wilkinson (Resigned 31<sup>st</sup> March 2004)

Mr J McKenna

Mr M J Lyons

Mr R N Pike

Mr V de Leonibus (Appointed 14<sup>th</sup> November 2004)

### 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:

	Pilkington plc	
	Ordinary shares	
	of 50p each	
	31.3.2004	31.3.2003
Dr D N Wilkinson	127,601	148,107
Mr J McKenna	86,12	81,402
Mr M J Lyons	54,18	46,044
Mr R N Pike	22,17	-
Mr V de Leonibus	347,119	341,600*

\* At date of appointment

	Shares under option				
	At 1.4.2003	Options granted	Options lapsed	Options exercised	At 31.3.2004
Mr R N Pike	181,965	-	-	-	181,965
Dr D N Wilkinson	344,267	-	-	-	344,267
Mr J McKenna	270,904	8,409	-	-	279,313
Mr M J Lyons	228,178	14,015	10,439	-	231,754
Mr V de Leonibus	154,911*	-	-	-	154,911

\* At date of appointment

Mr I P Lough is a director of Pilkington plc and his share and option holdings are disclosed in the accounts of that company.

In addition to the above disclosure of shares under option, Messrs Wilkinson, Lyons, De Leonibus and McKenna 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 Pilkington plc'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.

**REPORT OF THE DIRECTORS (CONTINUED)**

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

	Options held at 1.4.03	Exercised during year	Granted during Year	Options held at 31.3.04
Dr D N Wilkinson	216,762	89,494	87,499	214,767
Mr J McKenna	91,605	20,494	-	71,111
Mr M J Lyons	72,106	18,292	-	53,814

The company operates a long-term incentive scheme known as the Leadership Equity Award Plan (LEAP). Participants in LEAP are invited to invest a proportion of their annual bonus (after tax) in Pilkington plc's shares. If they remain in employment and those shares are retained for three years, Pilkington plc will match their investment with additional shares. The matching by Pilkington plc is made up of a 'core award' and a 'performance award'. The 'core award' consists of shares to the value of one times the participant's gross annual bonus deferred. The extent of the 'performance award' will depend upon the achievement of stretching performance targets for the Pilkington Group over the three year period (measured as aggregate earnings per share), set by the Group Remuneration Committee. If these demanding targets are met in full, the match will be two and a half times the gross annual bonus deferred.

The number of shares in the 'core award' is shown in the table.

	Core award shares held at 1.4.03	Granted during Year	Core award shares held at 31.3.04
Dr D N Wilkinson	127,268	87,499	214,767
Mr M J Lyons	-	46,373	46,373
Mr V de Leonibus	134,161	-	134,161
Mr R N Pike	-	37,328	37,328

**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.

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**PILKINGTON TECHNOLOGY MANAGEMENT LIMITED**

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**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.

**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 £9,633,000 reported in note 10 to the accounts, represent 45 days (2003 45 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.

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**PILKINGTON TECHNOLOGY MANAGEMENT LIMITED**

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**REPORT OF THE DIRECTORS (CONTINUED)****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.

By order of the Board



S E LENNON

Secretary

11 June 2004

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
PILKINGTON TECHNOLOGY MANAGEMENT LIMITED**

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We have audited the accounts which comprise the profit and loss account, the balance sheet, the reconciliation of the movement in shareholders' funds and the related notes.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the accounts in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 Companies Act 1985. 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.

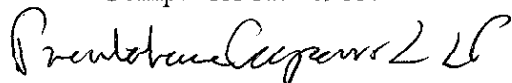
**Basis of audit opinion**

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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PRICEWATERHOUSECOOPERS LLP  
Chartered Accountants and Registered Auditors  
Manchester  
11 June 2004

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**PILKINGTON TECHNOLOGY MANAGEMENT LIMITED**


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**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2004**

	Note	<b>2004</b> <b>£000</b>	2003 £000
<b>Turnover</b>			
Continuing operations	2	<b>74,498</b>	90,320
<b>Operating profit from continuing operations</b>	2	<b>11,932</b>	8,269
Net interest payable and similar charges	3	<b>(527)</b>	(284)
<b>Profit on ordinary activities before taxation</b>		<b>11,405</b>	7,985
Taxation on profit on ordinary activities	4	<b>(1,654)</b>	(3,406)
<b>Profit for the financial year</b>		<b>9,751</b>	4,579
Dividend Paid		<b>(5,000)</b>	-
<b>Retained profit/(loss) for the year</b>	13	<b>4,751</b>	4,579



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**PILKINGTON TECHNOLOGY MANAGEMENT LIMITED**


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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 MARCH 2004**

There were no material total recognised gains and losses for the year other than the profit/(loss) for the year.

**NOTE OF HISTORICAL COST PROFITS AND LOSSES  
FOR THE YEAR ENDED 31 MARCH 2004**

There were no material differences between the reported profit on ordinary activities before taxation and the historical cost profit for the year. Similarly, there are no such adjustments in respect of 2003.

**RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS  
FOR THE YEAR ENDED 31 MARCH 2004**

	<b>2004</b>	2003
	<b>£000</b>	£000
Profit for the year attributable to shareholders	4,751	4,579
Net increase in shareholders' funds for the year	4,751	4,579
Shareholders' funds at beginning of year	443,471	438,892
Shareholders' funds at end of year	448,222	443,471

**PILKINGTON TECHNOLOGY MANAGEMENT LIMITED**

**BALANCE SHEET AS AT 31 MARCH 2004**

	Note	2004 £000	2003 £000
<b>ASSETS EMPLOYED</b>			
<b>Fixed assets</b>			
Tangible assets	7	24,631	26,481
Total fixed assets		24,631	26,481
<b>Current assets</b>			
Stocks	8	17,547	9,477
Debtors	9	429,919	430,876
Cash at bank and in hand		8,278	8,448
		455,744	448,801
Creditors - amounts falling due within one year	10	(27,633)	(26,512)
Net current assets/(liabilities)		428,111	422,289
Total assets less current liabilities		452,742	448,770
<b>FINANCED BY</b>			
Provision for liabilities and charges	11	4,520	5,299
<b>Capital and reserves</b>			
Share capital	12	441,320	441,320
Profit and loss account	13	6,902	2,151
Equity shareholders' funds		448,222	443,471
Total shareholders' funds		452,742	448,770

The accounts on pages 7 to 22 were approved by the Board of Directors on 11 June 2004 and were signed on its behalf by:

\_\_\_\_\_  
Director

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2004**

**1 Principal accounting policies**

The accounts are prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards.

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 all goods despatched and services provided prior to the year end, excluding VAT and other sales based taxes and net of trade discounts. Turnover also includes the proportion of the sales value of long-term contracts (principally the construction of float lines for glass manufacture) based on their state of completion.

**Research and development**

Expenditure on pure or applied research and development expenditure using existing know-how to produce new or substantially improved products or to install new processes prior to the commencement of commercial production or to improve substantially those products or processes already in commercial production is written off the profit and loss account as incurred.

Expenditure on research laboratories, equipment and plant is capitalised as tangible fixed assets and written off over its expected future life.

**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 fixed assets are stated at historical cost. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Gross interest costs relating to major tangible fixed assets under construction are included in the cost of such assets and are depreciated as part of the total cost. Capitalisation of such costs ceases when the asset is commissioned.

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**PILKINGTON TECHNOLOGY MANAGEMENT LIMITED**


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**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2004**
**1 Principal accounting policies (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 by equal annual instalments over the expected useful economic lives of the assets at the following rates:

•	Freehold buildings	2% to 5% per annum
•	Leasehold buildings	2% to 5% per annum
•	Short leasehold buildings	Over the life of the lease
•	Other plant and machinery	5% to 20% per annum
•	Vehicles	20% per annum

The company reviews its depreciation rates regularly to take account of technological changes, intensity of use over the life of the asset and market requirements.

**Finance leases**

Assets held under finance leases are included in tangible fixed 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.

Exchange differences on the translation of the net assets of overseas subsidiary undertakings, and on the translation of overseas borrowings for investment abroad, are taken to reserves.

**Stocks, work in progress and long-term contracts**

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. Net realisable value is based on anticipated selling price less the cost of selling such goods and any sales incentives. Provisions for slow moving and obsolete items are made where appropriate.

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**PILKINGTON TECHNOLOGY MANAGEMENT LIMITED**


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**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2004**
**1 Principal accounting policies (cont'd)**

The company does not account for any profit arising from long-term contracts, principally in relation to the building of new float line projects, until they are at least 75% complete. The profit is calculated by applying the percentage completion at the balance sheet date to the expected contract profit. If losses on long term contracts are envisaged then these would be provided as soon as the loss is identified.

**Group accounts**

The company has taken advantage in Section 228 (1) (a) of the Companies Act 1985 under which group accounts need not be prepared where the company is itself a wholly owned subsidiary undertaking of another company.

**Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are differences between the company's taxable profits and its accounting profits arising from gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted. The recoverability of tax losses is assessed by reference to the forecasts which have been prepared and approved by the Board.

No timing differences are recognised in respect of:

- Fair value adjustments to acquired tangible fixed assets where there is no commitment to sell the asset
- Gains on the sale of assets where those assets have been rolled over into replacement assets, and
- Additional tax which would arise if the profits of overseas subsidiary undertakings, joint ventures and associates were distributed, in excess of those dividends that have been accrued

The deferred tax assets and liabilities are not discounted.

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**PILKINGTON TECHNOLOGY MANAGEMENT LIMITED**

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**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2004****1 Principal accounting policies (cont'd)****Debtors**

Provisions against the non-recovery of debtors are made specifically against identified doubtful debtors. Additionally, a general provision is made against all trade debts excluding those already specifically provided, those that are insured, those which are covered by confirmed irrevocable letters of credit and those with major vehicle manufacturers or Government departments (unless a specific provision is deemed necessary).

Where trade debtors, which are the subject of factoring arrangements are discounted, whereby 75% or 90% of the outstanding balance is discounted without recourse by banks in the ordinary course of business, the non-returnable amount of the factoring arrangement is deducted from the trade debtors concerned. The debt factoring charge in the year is included as part of net interest payable and similar charges within the profit and loss account.

**Provisions**

Provisions in respect of liabilities are made in accordance with FRS 12 and are discounted where the effect is material. Specifically:

- Where the company guarantees or warrants a product from defect at the time of sale, a warranty provision is set up to cover the likely costs of potential claims, calculated by reference to historic experience and the duration of the warranty period.
- Provisions for redundancies and restructuring costs are made once a detailed formal plan has been prepared and approved and the company is irrevocably committed to implementing the plan.

**Cash flow**

In accordance with paragraph 5 (a) of FRS 1 (revised), the company is not required to publish a cash flow statement

**Related parties**

As the company is a subsidiary undertaking, where 90% or more of its voting rights are controlled within the Pilkington Group, it has taken advantage of the exemption permitted by FRS 8 not to disclose any transactions or balances with entities that are part of the Pilkington Group

**PILKINGTON TECHNOLOGY MANAGEMENT LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2004**

**2 Statutory information**

**Geographical analysis of turnover by markets**

	<b>2004</b>		<b>2003</b>	
	<b>£000</b>	<b>%</b>	<b>£000</b>	<b>%</b>
United Kingdom	5,567	7.5	11,915	13.2
Europe (excluding UK)	42,559	57.1	42,059	46.6
Rest of the World	26,372	35.4	36,346	40.2
	<u>74,498</u>	<u>100</u>	<u>90,320</u>	<u>100</u>
			<b>2004</b>	<b>2003</b>
			<b>£000</b>	<b>£000</b>
Turnover including Licensing Income and Technical Fees			74,498	90,320
Administration expenses			(62,566)	(82,051)
Operating profit			<u>11,932</u>	<u>8,269</u>
Operating profit is after charging/(crediting):				
Research and development expenditure			17,522	16,920
Amortisation of intangible fixed assets			-	3,082
Depreciation of tangible fixed assets - owned			2,562	1,930
Profit on disposal of tangible fixed assets			(13)	(2)
Operating lease costs - plant and machinery			454	486
Auditors' remuneration - audit			13	9
- other non-audit services			27	45
Management charge/(credit) from Group undertaking			<u>932</u>	<u>1,071</u>

**3 Net interest payable/(receivable)**

	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
Interest payable to Group undertakings	-	-
Interest payable on bank overdrafts	688	356
	<u>688</u>	<u>356</u>
Less interest receivable - others	(161)	(72)
Net interest payable	<u>527</u>	<u>284</u>

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2004**

**4 Taxation**

	<b>2004</b>	2003
	<b>£000</b>	£000
Current tax		
United Kingdom corporation tax at 30%	962	969
Overseas taxation	986	1,446
Adjustment in respect of previous periods	-	(84)
	<u>1,948</u>	<u>2,331</u>
Deferred taxation		
Origination and reversal of timing differences	(453)	(13)
Adjustment in respect of previous periods	159	1,088
	<u>(294)</u>	<u>1,075</u>
Total Tax on Profits on Ordinary Activities	<u>1,654</u>	<u>3,406</u>

The tax assessed for the period is higher/lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	<b>2004</b>	2003
	<b>£000</b>	£000
Profit/(loss) on ordinary activities before tax	<u>11,405</u>	<u>7,985</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	<b>3,421</b>	2,396
Effects of:		
Non-taxable dividend income		
Expenses not deductible for tax purposes including amortisation and non qualifying depreciation	425	1,025
Research and development credits	(469)	(225)
Depreciation in excess of capital allowances	185	(112)
Movement on other timing differences	269	125
Losses surrendered by way of group relief for which no payment will be made	(2,580)	(1,806)
Withholding taxes suffered	697	1,012
Prior year overprovision of corporation tax	-	(84)
Current tax charge for the year	<u>1,948</u>	<u>2,331</u>



**PILKINGTON TECHNOLOGY MANAGEMENT LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2004**

**5 Employee pay and numbers (including directors)**

	<b>2004 £000</b>	2003 £000
Employment costs:		
Wages and salaries	13,901	14,028
Social security costs	1,190	1,039
Pension costs	1,161	1,115
	<u>16,252</u>	<u>16,182</u>
Average number of employees	<b>2004 No</b>	2003 No
United Kingdom	<u>360</u>	<u>354</u>
Number employed at 31 March	<u>363</u>	<u>369</u>

**6 Directors Emoluments**

	<b>2004 £</b>	2003 £
Aggregate emoluments and benefits	630,604	242,919
Pension scheme contributions	31,216	24,566
	<u>661,820</u>	<u>267,485</u>

Retirement benefits are accruing to four (2003: four) directors under the company's defined contribution scheme.

**Highest paid director**

	<b>2004 £</b>	2003 £
Aggregate emoluments and benefits	630,604	242,919
Pension scheme contributions	31,216	24,566
	<u>661,820</u>	<u>267,485</u>

The emoluments of Messrs J McKenna, M J Lyons and R N Pike were paid by the ultimate parent company. Mr J McKenna's, Mr M J Lyons' and Mr R N Pike's services to the company and to a number of fellow subsidiaries were of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the ultimate parent company. Accordingly, the above details include no emoluments in respect of Mr J McKenna, Mr M J Lyons and Mr R N Pike.

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**PILKINGTON TECHNOLOGY MANAGEMENT LIMITED**


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**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2004**
**7 Tangible assets**

	<b>Land and buildings</b>	<b>Plant, machinery and vehicles</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>At cost or valuation</b>			
At 1 April 2003	11,492	36,046	47,538
Additions	106	1,276	1,382
Disposals	(15)	(3,572)	(3,587)
Transfers (to)/from Group undertaking	-	(559)	(559)
Revaluation	-	-	-
At 31 March 2004	11,583	33,191	44,774
<b>Accumulated depreciation</b>			
At 1 April 2003	(866)	(20,191)	(21,057)
Charge for the year	(287)	(2,275)	(2,562)
Disposals	11	3,378	3,389
Transfers to/(from) Group undertaking	-	87	87
At 31 March 2004	(1,142)	(19,001)	(20,143)
<b>Written down value at 31 March 2004</b>	<b>10,441</b>	<b>14,190</b>	<b>24,631</b>
Written down value at 31 March 2003	10,626	15,855	26,481

Tangible assets include the cost of assets in the course of construction and payments on account amounting to £837,000 (2003 £963,000)

**PILKINGTON TECHNOLOGY MANAGEMENT LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2004**

**8 Stocks**

	<b>2004</b>	2003
	<b>£000</b>	£000
Stores	456	485
Work in progress	17,091	8,992
	<u>17,547</u>	<u>9,477</u>

**9 Debtors**

<b>Amounts falling due within one year</b>	<b>2004</b>	2003
	<b>£000</b>	£000
Trade debtors	822	4,515
Amounts owed by Group undertakings		
- Parent company and fellow subsidiaries	422,325	423,901
Other debtors	5,557	1,227
Prepayments and accrued income	94	195
	<u>428,798</u>	<u>429,838</u>
<b>Amounts falling due after more than one year</b>		
Other debtors	1,121	1,038
	<u>428,755</u>	<u>430,876</u>

The amounts due from Group undertakings are unsecured, interest free and have no fixed repayment date.

**10 Creditors - amounts falling due within one year**

	<b>2004</b>	2003
	<b>£000</b>	£000
Bank overdrafts	13,133	12,208
Trade creditors	9,633	1,749
Amounts owed to Group undertakings		
- Parent company and fellow subsidiaries	1,660	6,451
Other creditors	322	261
Payments received on account	1,135	1,552
Accruals	1,750	4,284
Other taxation and social security	-	7
	<u>27,633</u>	<u>26,512</u>

The amounts due to Group undertakings are unsecured, interest free and have no fixed repayment date.

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**PILKINGTON TECHNOLOGY MANAGEMENT LIMITED**


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**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2004**
**11 Provision for liabilities and charges**

	<b>Cumulative leave</b>	<b>Restructuring</b>	<b>Redundancy</b>	<b>Deferred Tax</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 April 2003	1,055	400	450	3,394	5,299
Charged to profit and loss account	42		200		(52)
Transfer to current taxation					
Utilised during year	(52)	(225)	(450)	(294)	(727)
<b>At 31 March 2004</b>	<b>1045</b>	<b>175</b>	<b>200</b>	<b>3100</b>	<b>4520</b>
Maturity profile of provisions					
Within 1 year	52	175	200	-	427
Between 1 and 2 years	52	-	-	3100	3152
Between 2 and 5 years	156	-	-	-	156
Over 5 years	785	-	-	-	785
	<b>1045</b>	<b>175</b>	<b>200</b>	<b>3100</b>	<b>4520</b>

**Cumulative Leave**

Relates to a scheme which allowed employees to bank unused annual holidays entitlement and receive a cash equivalent upon leaving employment based on salary at date of leaving. The scheme was closed to existing and new employees from March 2002

**Redundancy**

Provision relates to employees made redundant in prior periods for payments made by the company to the Pilkington Superannuation Scheme as a pension make up until the ex employee reaches normal retirement age

**Restructuring**

A decision to close two overseas branches in Germany and N. America and integrate part of the businesses into existing divisions was announced in November 2002. This restructuring will result in the loss of jobs within the division. The provision is expected to be fully utilised by 31<sup>st</sup> March 2005

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**PILKINGTON TECHNOLOGY MANAGEMENT LIMITED**


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**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2004**
**Deferred taxation**

The balances included in provisions relate to:

	2004 £000	2003 £000
Accelerated capital allowances	2,878	2,942
Other timing differences	222	452
 Total provision for deferred tax	 <u>3,100</u>	 <u>3,394</u>

**12 Share capital**

	2004 £000	2003 £000
Authorised 1,000,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid 441,320,007 ordinary shares of £1 each	<u>441,320</u>	<u>441,320</u>

**13 Reserves**

	<b>Profit and loss account £000</b>
At 1 April 2003	2,151
Retained profit for the year	4,751
 <b>At 31 March 2004</b>	 <u><u>6,902</u></u>

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**PILKINGTON TECHNOLOGY MANAGEMENT LIMITED**


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**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2004**
**14 Commitments**

	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
<b>(a) Capital expenditure</b>		
Contracts placed but not provided for in the financial statements	<b>339</b>	<b>77</b>
	<hr/>	<hr/>
	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
<b>(b) Operating lease commitments</b>		
The company's operating lease commitments for the following financial year which relate entirely to Plant and Machinery are as follows:		
For leases expiring		
Within one year	<b>114</b>	<b>122</b>
Between two and five years	<b>340</b>	<b>364</b>
	<hr/>	<hr/>
	<b>454</b>	<b>486</b>
	<hr/>	<hr/>

**15 Guarantee**

The company is party to a guarantee under a Pilkington group banking arrangement whereby it guarantees certain bank overdrafts of the Parent company and fellow subsidiaries. The guarantee is limited to the cash balance held.

**16 Pensions and similar obligations**

The company's employees are members of the Pilkington Superannuation Scheme (PSS) which, for the purposes of accounting under SSAP 24, is in the nature of a defined contribution scheme. The pension cost charge for the year amounted to £1,161,000 (2003 £1,115,000).

For the purposes of the required disclosures under FRS 17, the contributions paid by the company are accounted for as a defined contribution scheme as the company is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis.

At 31 March 2003, the surplus on the PSS amounted to £nil million (2002: £xxx million). Under the scheme rules, the surplus cannot be recovered by the company and contributions will remain at 10.5% of pensionable salaries in the future.

Further details of the PSS are noted in the accounts of the ultimate holding company, Pilkington plc.

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**PILKINGTON TECHNOLOGY MANAGEMENT LIMITED**

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**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2004****17 Ultimate and immediate parent undertakings**

The immediate parent undertaking and controlling party is Pilkington Brothers Limited, registered in England and Wales.

This company has not prepared consolidated financial statements 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 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.