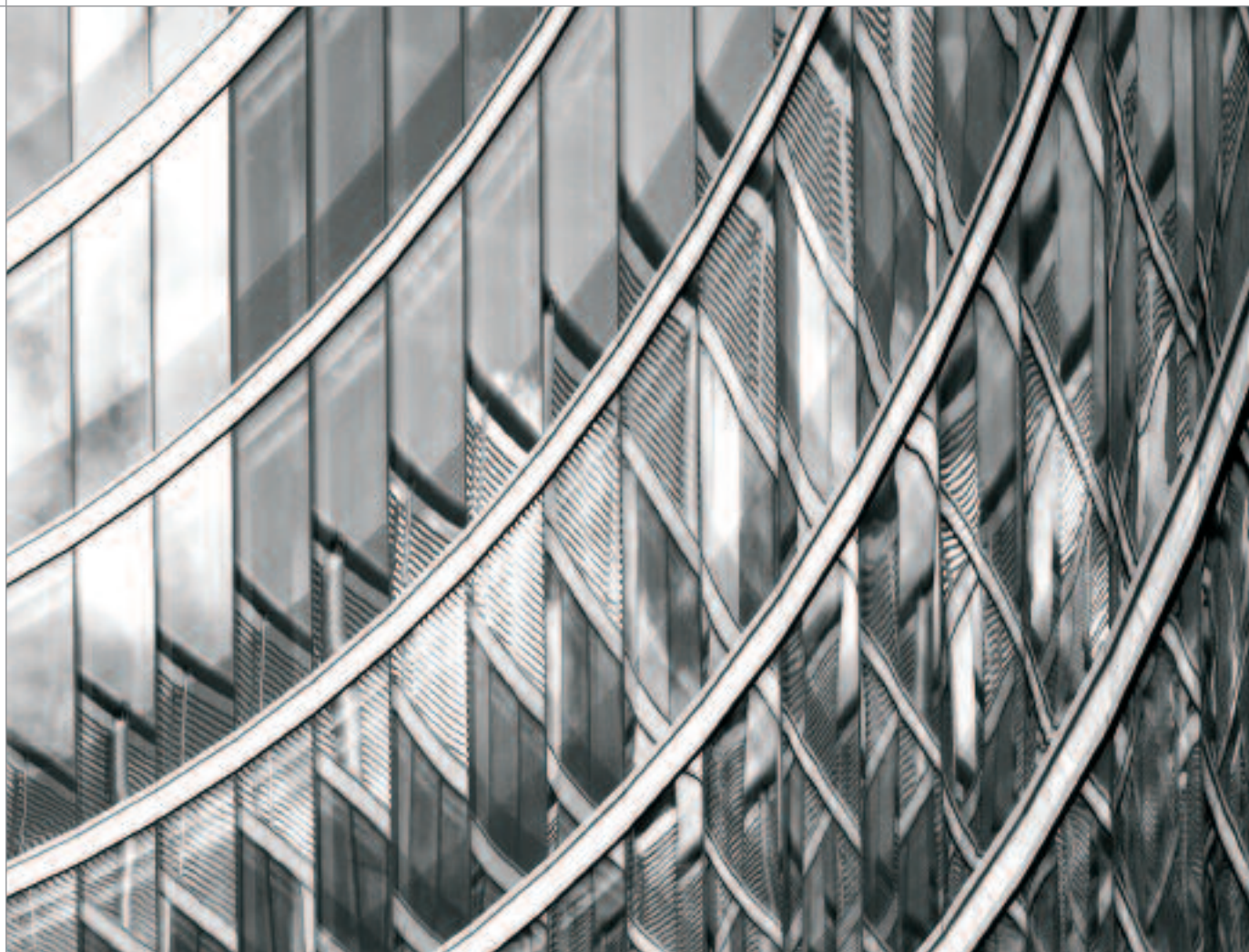




PILKINGTON

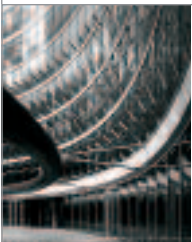
INTERIM REPORT

Half year to 30th September 2004



Pilkington plc is one of the world's largest manufacturers of glass and glazing products for the building and automotive markets. Employing 24,000 people, we have manufacturing operations in 24 countries and sales in over 130. With our joint ventures and our associates, we have the widest geographical reach of any glassmaker, enabling us to respond to customers whose operations are increasingly global. Geographically, over half our sales are in Europe, approximately a third are in North America, and the rest are primarily in South America and Australasia.

Our operations centre on two worldwide business lines: **Building Products** supplying original equipment and refurbishment glass for the world's buildings; and **Automotive Products** supplying glass and glazing systems to the original equipment and replacement glazing markets.



Metropolitan building, Warsaw, designed by architect Norman Foster, completes the post-war renovation of the city's Jozef Pilsudski Square. Both the outer and inner façades are glazed with Pilkington Insulight™ Phon insulated glass units, consisting of Pilkington Optitherm™ SN on the outside, and Pilkington Optilam™ Phon on the inside. Pilkington Optiwhite™, covered with white ceramic enamel, was used for the entrance areas.

Financial highlights

Key features of the half year to 30th September 2004

- Robust performance, despite cost pressures and strong pound
- Profit on ordinary activities before taxation, amortisation of goodwill and exceptional items £87 million (2003 £84 million). Profit on ordinary activities before taxation £82 million (2003 £71 million)
- Earnings per share before exceptional items and amortisation of goodwill increased from 4.1 pence to 4.3 pence (basic earnings per share increased from 3.1 pence to 4.0 pence)
- Interim dividend maintained at 1.75 pence per share
- Strong free cash flow up nine per cent at £97 million (2003 £89 million)
- Borrowings reduced to £621 million (2003 £775 million)
- Markets challenging, though demand outlook becoming somewhat more positive

Half years to 30th September

Turnover (including share of joint ventures and associates)

£m



Operating profit (including share of joint ventures and associates)

£m



Profit before goodwill amortisation, exceptional items and tax

£m



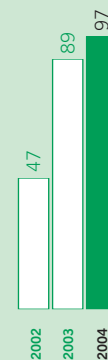
Cash flow from operations

£m



Free cash flow

£m



Non-statutory disclosures are reconciled to the statutory disclosures in note 4 to the financial statements. Free cash flow is cash flow before acquisitions and disposals, dividends and financing.

Chairman's statement



A handwritten signature in black ink that reads "Nigel Rudd". The signature is written in a cursive style with a horizontal line underneath the name.

Sir Nigel Rudd Chairman

As indicated at the time of the Pilkington annual general meeting in July, conditions in most markets remain challenging, although the outlook in general is becoming more positive.

Overall, results for the first half year are in line with expectations, with robust profits achieved despite rising costs and a strong pound. Profit before amortisation of goodwill, exceptional items and taxation was £87 million in the half year, up 14 per cent at constant exchange rates.

Pilkington continues to deliver on its strategic priority of cash generation, with free cash flow of £97 million in the first half. Group debt of £621 million has been reduced by 20 per cent since September 2003.

RESULTS

Turnover in the first half year including joint ventures and associates was £1.3 billion, one per cent up on the first half of last year, when exchange rate movements are taken into account. Operating profits for Group businesses of £94 million represent a decline of £4 million over the first half of last year, although using constant exchange rates profits would have increased by £3 million. Operating profits of joint ventures and associates increased by £3 million to £19 million (an increase of £6 million at constant exchange rates), principally as a result of improved results from Cebrace, the Brazilian joint venture.

EXCEPTIONAL ITEMS

Exceptional items in the first half year amounted to a net charge of £1 million, arising from the closure of the Building Products decorated glass operations in Australia and some Building Products processing and merchandising operations in Austria. These losses were largely offset by the profit on disposal of a small joint venture business, SDC Technologies Inc., in the USA.

EARNINGS AND DIVIDEND

Earnings per share before exceptional items and amortisation of goodwill increased from 4.1 pence to 4.3 pence, while basic earnings per share increased from 3.1 pence to 4.0 pence. The interim dividend has been maintained at 1.75 pence per share, to be paid on 17th December 2004 to shareholders on the register at 3rd December 2004.

ACCOUNTING POLICIES

The Group has adopted UITF 38 'Accounting for ESOP trusts' and UITF 17(Revised) 'Employee Share Schemes'. As a result the Group has reclassified the Company's own shares (previously carried as an investment asset in the balance sheet) as a deduction from shareholders' funds. This has resulted in restatements of the accounts for both the half year to 30th September 2003 and the year to 31st March 2004, as set out in note 13 to the financial statements.

“The Group’s results in the first six months of the year confirm the expectations set out in our previous statements, with robust profits achieved, despite rising costs and the impact of the strong pound. Indeed, headline profit at constant exchange rates was up 14 per cent. Continued strong cash generation has enabled the Group to reduce borrowings by £154 million (or 20 per cent) in the last twelve months. Conditions in most of our markets remain challenging, although the demand outlook is becoming somewhat more positive.”

INTERNATIONAL FINANCIAL REPORTING STANDARDS

Pilkington is well advanced with its preparations for the introduction of International Financial Reporting Standards (IFRS) and will set out, early in 2005, details of the policies to be adopted and changes to the restated opening IFRS balance sheet at 1st April 2004. At the same time the Group will identify the key IFRS changes to the half year results to 30th September 2004.

CASH FLOW AND BORROWINGS

Free cash flow of £97 million was £8 million better than the record level achieved in the first half of last year, demonstrating that Pilkington is continuing to deliver on the cash generation part of its strategy. As a result, Group debt has fallen by £43 million in the first half year and by £154 million in the last 12 months.

BUILDING PRODUCTS

The strong pound pushed Building Products sales down slightly during the first six months of 2004. Excluding our share of joint ventures and associates, sales fell five per cent to £599 million. Despite lower sales, the ongoing focus on cost reductions and efficiency improvements produced operating profits before amortisation of goodwill of £65 million, not far short of the £67 million reported in 2003.

In Europe, our Building Products business, which represents around two thirds of Building Products in total, continues to be affected by the generally sluggish

European economy, though there are signs that markets are beginning to recover. After a strong trading performance last year, competitive pressures have reduced profits in the UK market. Float prices across Europe appear to have stabilised.

Building Products North America, representing 13 per cent of total Building Products sales, is concentrated on commercial construction, where Pilkington is the leading North American glass supplier. Office vacancy rates have been high but are now falling and orders for glass have begun to pick up. Cost reductions have underpinned profits, which were ahead of last year in dollar terms.

In South America, our Building Products business continues to perform well. Demand for float glass continues to grow strongly in Argentina, Brazil and Chile. Overall, operating profits from South America were up on the first half of last year.

Operating profits in our Australian business are holding up well, though marginally down on the same period last year, with the first signs of an economic slowdown affecting the residential housing sector.

AUTOMOTIVE PRODUCTS

Automotive Products sales, excluding associates and joint ventures, declined by 11 per cent to £544 million, largely as a result of foreign exchange movements.

“In Russia, work to complete the joint venture float plant in the Moscow region, built and operated by Pilkington, is well advanced, with the line expected to start up in mid 2005.”

Nevertheless, ongoing progress in cost reduction and manufacturing improvements produced an operating profit before amortisation of goodwill of £46 million, up by £2 million on the first half of last year.

Approximately 60 per cent of Pilkington Automotive sales are in Europe. The Group's Original Equipment (OE) product sales in this region have grown faster than the market, with further new model introductions doing well and higher shipments of specialised transport applications. The European Automotive Glass Replacement (AGR) business has held up well. Overall, European Automotive profits rose by around 30 per cent, due to sustained improvement in manufacturing efficiencies, lower redundancy costs and relentless focus on cost reduction.

Approximately one third of the Group's Automotive business is in North America. Demand for Pilkington OE products was in line with the market, but sales were down on last year. In addition, price pressure in the aftermarket contributed to a fall in sales and profits in Automotive North America despite continuing efficiency improvements.

In South America, representing approximately five per cent of the Group's total Automotive glass sales, Pilkington sales were 11 per cent ahead of last year.

A combination of higher sales, increased productivity and improved plant efficiencies resulted in operating profits moving ahead in the region.

Results in Australia show a decline on last year, reflecting local price pressures more than offsetting cost reductions and the closure of the New Zealand AGR business.

In China, where Pilkington is the leading foreign supplier of automotive glass, the vehicle market continued its rapid growth, with light vehicle production up by a further 25 per cent. Our Chinese automotive subsidiaries have continued to perform well, making ongoing improvements in all areas.

ASSOCIATES AND JOINT VENTURES

Profits in our Brazilian joint venture, Cebrace, improved by more than 25 per cent. The fourth float line at Barra Velha in Brazil, operated by Cebrace, is now fully operational.

The Group's associated manufacturing company in China, Shanghai Yaohua Pilkington Glass Co. Ltd. (SYP), in which Pilkington has a 19 per cent share, increased both sales and profits over the comparable period, as China experiences increased demand for more high performance glass in construction projects.

“In China, where Pilkington is the leading foreign supplier of automotive glass, the vehicle market continued its rapid growth, with light vehicle production up by a further 25 per cent. Our Chinese automotive subsidiaries have continued to perform well, making ongoing improvements in all areas.”

In Russia, work to complete the joint venture float plant in the Moscow region, built and operated by Pilkington, is well advanced, with the line expected to start up in mid 2005.

Sales in our 35 per cent Mexican associate Vitro Plan SA de CV (VVP) were up four per cent in US dollars on the first half of last year, though profits were affected by higher energy and freight costs.

FINANCE AND TAXATION

Interest costs at £30 million were £4 million less than in the first six months of last year, reflecting lower borrowings. Following the announcement of the results for the year ended 31st March 2004, Standard and Poor's and Moody's confirmed their ratings of Pilkington bonds as BBB/BAA2, both having now moved from 'negative' to 'stable' outlook.

The underlying rate of tax on pre-exceptional profits has been reduced by three per cent to 30 per cent. This arises from a higher proportion of profits being generated in areas where local tax rates are lower, together with the Group's refinancing and restructuring arrangements.

ENERGY COSTS

Pilkington's primary energy source in the Group's float plants is gas, and occasionally oil; in addition electricity

accounts for approximately 30 per cent of Group energy costs. Direct energy costs represent approximately seven per cent of Pilkington's total costs, though this varies between businesses. Following the sharp increase in the cost of gas in North America, in 2002 Pilkington introduced a surcharge on glass delivered to Building Products' customers in North America. The recent surge in energy costs in other territories has led to the introduction of a similar energy surcharge on deliveries of glass to Building Products' customers in Europe, beginning in November 2004.

OUTLOOK

Pilkington is following a clear three stage strategy: to continue to improve operational performance; to generate cash, initially to strengthen the Group financially; and, in the third phase, to invest the surplus cash generated into profitable growth opportunities. Pilkington's extensive restructuring of recent years has led to significantly improved operational efficiency, as demonstrated by the improving trend of results. The Group is currently in stage two of its strategy, where it is demonstrating its capability to consistently generate cash and pay down debt. Conditions in most of our markets remain challenging, although the demand outlook is becoming somewhat more positive.

Group profit and loss account

	Note	Half year to 30th September 2004 £m	Half year to 30th September 2003 £m	Year to 31st March 2004 Restated £m
Turnover				
Group's continuing operations	1	1,173	1,243	2,440
Share of joint ventures' and associates' turnover	3	148	152	311
Turnover including joint ventures and associates		1,321	1,395	2,751
Operating profit				
Group's continuing operations	1	94	98	180
Share of joint ventures and associates	3	19	16	33
Operating profit including joint ventures and associates		113	114	213
Exceptional items	5	(1)	(9)	(7)
Profit before investment income and interest		112	105	206
Net interest payable and similar charges	6	(30)	(34)	(69)
Profit on ordinary activities before taxation		82	71	137
Taxation	7	(24)	(26)	(47)
Profit on ordinary activities after taxation		58	45	90
Minority interests (including non-equity)		(7)	(6)	(11)
Profit attributable to shareholders		51	39	79
Dividends	12	(22)	(22)	(63)
Retained profit of the Group		29	17	16
Earnings per share				
Group's continuing operations	8	4.0p	3.1p	6.3p
Fully diluted earnings per share	8	4.0p	3.1p	6.3p
Dividend per share	12	1.75p	1.75p	5.0p
Profit before amortisation of goodwill, exceptional items and taxation	4	87	84	152
Profit before exceptional items and taxation	4	83	80	144
Earnings per share (excluding goodwill amortisation and exceptional items)	4	4.3p	4.1p	7.5p
Earnings per share (excluding exceptional items)	4	4.0p	3.8p	6.8p

Group balance sheet

	30th September 2004	30th September 2003 Restated	31st March 2004 Restated
	£m	£m	£m
Assets employed			
Fixed assets			
Intangible fixed assets	137	152	139
Tangible fixed assets	1,370	1,439	1,380
Joint ventures, associates and trade investments	181	183	173
	1,688	1,774	1,692
Current assets			
Stocks	362	373	354
Debtors	433	472	418
Investments – marketable	41	37	52
Cash at bank and in hand	74	86	40
	910	968	864
Creditors – amounts falling due within one year	(593)	(672)	(605)
Net current assets	317	296	259
Total assets less current liabilities	2,005	2,070	1,951
Financed by			
Creditors – amounts falling due after more than one year	665	739	662
Provisions for liabilities and charges	472	509	465
	1,137	1,248	1,127
Deferred income	54	20	56
	1,191	1,268	1,183
Capital and reserves			
Called up share capital	643	636	637
Reserves	76	68	37
Total equity shareholders' funds	719	704	674
Minority interests	95	98	94
	2,005	2,070	1,951

Statement of total recognised gains and losses

	Half year to 30th September 2004	Half year to 30th September 2003	Year to 31st March 2004 Restated
	£m	£m	£m
Profit attributable to shareholders	51	39	79
Other recognised gains/(losses):			
Exchange rate movements on foreign currency net investments arising in the period	5	(6)	(36)
Total recognised gains	56	33	43

Reconciliation of movement in shareholders' funds

	Half year to 30th September 2004	Half year to 30th September 2003	Year to 31st March 2004 Restated £m
	£m	£m	£m
Profit attributable to shareholders	51	39	79
Consideration paid for purchase of shares held by ESOP trust for the Deferred Bonus Plan and the Leadership Equity Award Plan	(2)	–	(2)
Credit in relation to long-term incentive awards	2	2	3
Dividends	(22)	(22)	(63)
Exchange rate movements on foreign currency net investments	5	(6)	(36)
Goodwill written back	–	4	4
Shares issued	6	6	7
Premium on shares issued	5	2	3
Net increase/(decrease) in shareholders' funds	45	25	(5)
Shareholders' funds at beginning of the period (as restated)	674	679	679
Shareholders' funds at end of the period	719	704	674
Shareholders' funds at 31st March 2003 were originally reported at £684 million before deducting a prior year restatement of £5 million, as detailed in note 13.			

Group cash flow statement

Net cash inflow from operating activities (note 10)	186	176	377
Dividends received from joint ventures and associates	2	1	8
Net cash outflow from returns on investments and servicing of finance	(32)	(28)	(26)
Taxation paid	(16)	(16)	(48)
Net cash outflow from capital expenditure	(43)	(44)	(104)
	97*	89*	207*
Net cash inflow from acquisitions and disposals	1	39	35
Net cash inflow before dividends, management of liquid resources and financing	98	128	242
Equity dividends paid by parent company	(31)	(33)	(54)
Net cash inflow before use of liquid resources and financing	67	95	188
Management of liquid resources	11	(4)	(23)
Net cash outflow from financing	(22)	(89)	(163)
Increase in cash	56	2	2
*Free cash flow.			

Reconciliation of net cash flow to movement in net debt

Net debt at start of the period	(664)	(861)	(861)
Increase in cash in the period	56	2	2
Cash (inflow)/outflow from management of liquid resources	(11)	4	23
Net decrease in loans	18	77	151
Net decrease/(increase) in obligations under finance leases	–	2	(19)
Change in composition of the Group	–	–	1
Exchange rate adjustments	(20)	1	39
Net debt at end of the period	(621)	(775)	(664)

Notes on Group results

	Half year to 30th September 2004		Half year to 30th September 2003		Year to 31st March 2004	
	Turnover	Operating profit/(loss)	Turnover	Operating profit/(loss)	Turnover	Operating profit/(loss) Restated
	£m	£m	£m	£m	£m	£m
1 SEGMENTAL ANALYSIS OF TURNOVER AND OPERATING PROFIT						
Building products	599	65	628	67	1,221	120
Automotive products	544	46	614	44	1,166	86
Group operations and technology management	30	(13)	1	(9)	53	(18)
Goodwill amortisation	–	(4)	–	(4)	–	(8)
	1,173	94	1,243	98	2,440	180
Segmental analysis with goodwill amortisation analysed to business lines:						
Building products	599	63	628	64	1,221	116
Automotive products	544	44	614	43	1,166	82
Group operations and technology management	30	(13)	1	(9)	53	(18)
	1,173	94	1,243	98	2,440	180
Europe	726	62	765	60	1,503	115
North America	259	16	317	22	565	34
Rest of the world	158	29	160	25	319	49
Group operations and technology management	30	(13)	1	(9)	53	(18)
	1,173	94	1,243	98	2,440	180
2 SEGMENTAL ANALYSIS OF NET OPERATING ASSETS						
			30th September 2004 £m	30th September 2003 £m	31st March 2004 £m	
Building products			746	799	750	
Automotive products			565	578	534	
Group operations and technology management			(21)	10	22	
Goodwill			137	152	139	
			1,427	1,539	1,445	
Segmental analysis with goodwill analysed to business lines:						
Building products			837	897	840	
Automotive products			611	632	583	
Group operations and technology management			(21)	10	22	
			1,427	1,539	1,445	
Europe			982	1,044	959	
North America			237	238	230	
Rest of the world			229	247	234	
Group operations and technology management			(21)	10	22	
			1,427	1,539	1,445	

Net operating assets comprise intangible fixed assets, tangible fixed assets, stocks, debtors, creditors and provisions. Creditors exclude loans and overdrafts, taxation on profits, finance leases and dividends. Debtors exclude taxation and deferred taxation recoverable. Provisions exclude deferred taxation.

Notes on group results continued

	Half year to 30th September 2004		Half year to 30th September 2003		Year to 31st March 2004	
	Turnover	Operating profit	Turnover	Operating profit /(loss)	Turnover	Operating profit /(loss)
	£m	£m	£m	£m	£m	£m
3 SHARE OF JOINT VENTURES AND ASSOCIATES						
Joint ventures						
Building products	28	11	25	6	50	13
Automotive products	6	1	5	1	9	1
	34	12	30	7	59	14
Europe	8	–	4	(2)	10	(1)
North America	3	1	2	1	4	1
Rest of the world	23	11	24	8	45	14
	34	12	30	7	59	14
Associates						
Building products	79	4	84	6	177	13
Automotive products	35	3	38	3	75	6
	114	7	122	9	252	19
North America	104	6	111	8	231	16
Rest of the world	10	1	11	1	21	3
	114	7	122	9	252	19
Total joint ventures and associates	148	19	152	16	311	33

	Half year to 30th September 2004	Half year to 30th September 2003	Year to 31st March 2004 Restated £m
	£m	£m	£m
4 RECONCILIATION TO NON-STATUTORY DISCLOSURES			
(a) Profit before goodwill amortisation, exceptional items and taxation			
Profit before taxation	82	71	137
Goodwill amortisation	4	4	8
Exceptional items	1	9	7
	87	84	152
(b) Earnings per share excluding exceptional items			
Profit for the period attributable to shareholders	51	39	79
Exceptional items after tax and minority interest	–	9	7
	51	48	86
(c) Earnings per share excluding goodwill amortisation and exceptional items			
Profit for the period attributable to shareholders	51	39	79
Goodwill amortisation	4	4	8
Exceptional items after tax and minority interest	–	9	7
	55	52	94

	Half year to 30th September 2004 millions	Half year to 30th September 2003 millions	Year to 31st March 2004 millions
4 RECONCILIATION TO NON-STATUTORY DISCLOSURES CONTINUED			
Average number of shares for basic earnings per share calculation	1,270	1,255	1,260
Average number of shares for fully diluted earnings per share calculation	1,274	1,263	1,263
	pence	pence	Restated pence
Adjusted earnings per share excluding exceptional items	4.0	3.8	6.8
Adjusted fully diluted earnings per share excluding exceptional items	4.0	3.8	6.8
Adjusted earnings per share excluding goodwill amortisation and exceptional items	4.3	4.1	7.5
Adjusted fully diluted earnings per share excluding goodwill amortisation and exceptional items	4.3	4.1	7.4

5 EXCEPTIONAL ITEMS

The exceptional items in the half year to 30th September 2004 comprise the costs of closure of the Building Products decorated glass operations in Australia and some Building Products processing and merchandising operations in Austria. This is offset by a profit on the disposal of the joint venture SDC Technologies Inc., in the USA.

The exceptional items in the half year to 30th September 2003 relate to the termination of the Automotive Glass Replacement operations in New Zealand and the Building Products toughening and laminating operations in Brazil. Additionally, the Pilkington Aerospace businesses in the UK, USA, Brazil and Thailand were sold and, after the write-off of goodwill previously written off to reserves of £4 million, no profit or loss arose.

	Half year to 30th September 2004 £m	Half year to 30th September 2003 £m	Year to 31st March 2004 £m
6 NET INTEREST PAYABLE AND SIMILAR CHARGES			
Interest payable on loans, overdrafts and leases	28	26	53
Less interest receivable	(5)	(2)	(6)
Other interest and similar charges	1	3	7
Share of joint ventures' interest and similar charges	1	3	2
Share of associates' interest and similar charges	5	4	13
	30	34	69

	Half year to 30th September 2004 £m	Half year to 30th September 2003 £m	Year to 31st March 2004 £m
7 TAXATION			
United Kingdom taxation	3	3	4
Overseas taxation	18	18	30
Deferred taxation	–	2	9
Share of joint ventures' taxation	3	2	4
Share of associates' taxation	–	1	–
	24	26	47

The tax rate on pre-exceptional profits is 30 per cent in the half year to 30th September 2004 (30th September 2003 – 33 per cent, 31st March 2004 – 33 per cent).

There is a £1 million tax credit attributable to the exceptional items in the half year to 30th September 2004 (30th September 2003 – nil, 31st March 2004 – nil).

Notes on Group results continued

8 EARNINGS PER SHARE

The average number of shares for the purpose of calculating earnings per share was 1,270 million (30th September 2003 – 1,255 million, 31st March 2004 – 1,260 million). The average number of shares for the purpose of calculating fully diluted earnings per share was 1,274 million (30th September 2003 – 1,263 million, 31st March 2004 – 1,263 million). The profit attributable to shareholders amounted to £51 million (30th September 2003 £39 million, 31st March 2004 £79 million, as restated).

9 EXCHANGE RATES

The principal exchange rates used for the translation of foreign currencies were as follows:

	Half year to 30th September 2004		Half year to 30th September 2003		Year to 31st March 2004	
	Average	Closing	Average	Closing	Average	Closing
US dollar	1.81	1.81	1.61	1.66	1.69	1.84
Euro	1.49	1.46	1.43	1.43	1.44	1.50

10 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Half year to 30th September 2004	Half year to 30th September 2003	Year to 31st March 2004 Restated
	£m	£m	£m
Operating profit	94	98	180
Depreciation	80	93	182
Amortisation of goodwill	4	4	8
Movements in working capital:			
– Stocks	(1)	1	1
– Debtors	(12)	(7)	4
– Creditors	26	–	18
Provisions	(3)	(6)	(9)
Other items	1	(2)	1
Net cash inflow from operating activities before exceptional items	189	181	385
Exceptional items – termination of operations	(3)	(5)	(8)
Net cash inflow from operating activities	186	176	377

11 NET DEBT

	30th September 2004 £m	30th September 2003 £m	31st March 2004 £m
Loans and overdrafts	689	871	709
Finance leases	47	27	47
Gross borrowings	736	898	756
Less cash and marketable investments	(115)	(123)	(92)
Net debt	621	775	664

12 DIVIDEND

The directors have declared an interim dividend of 1.75p per ordinary share (2003 – 1.75p) payable to shareholders who are on the register at the close of business on 3rd December 2004. The dividend will be paid on 17th December 2004.

12 DIVIDEND CONTINUED

Shareholders with an existing scrip dividend mandate will automatically receive new shares in lieu of a cash dividend. Scrip dividend mandates are available from the Company's Registrars (Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH; telephone 0870 702 0000) and on our website and should be completed and returned to the Registrars no later than 9th December 2004.

Shareholders wishing to cancel an existing scrip mandate should also write to the Registrars before that date.

The offer of a scrip dividend alternative is subject to the terms of the Pilkington plc Scrip Dividend Scheme.

13 ACCOUNTING POLICIES AND BASIS OF PREPARATION

The financial statements comprise the unaudited results for the six months ended 30th September 2004 and extracts from the audited results for the year ended 31st March 2004. The unaudited Group results have been prepared under the historical cost convention and in accordance with applicable UK accounting standards using the accounting policies set out in the Directors' Report and Accounts for the year ended 31st March 2004, except as referred to below.

The Group has adopted the accounting treatment required by UITF Abstract 38 'Accounting for ESOP trusts'. As a result, the prior period balance sheets at 31st March 2004 and 30th September 2003 have been restated by £3 million to reclassify the Company's own shares as a deduction from shareholders' funds. Reserves for prior periods have been reduced by £5 million at 31st March 2003 to reflect this change, as set out in the Reconciliation of the Movement in Shareholders' Funds Statement. New purchases of such shares have been reclassified in the cash flow from the purchase of investments within the net cash flow from acquisitions and disposals to payments for the purchase of own shares within the net cash flow from financing. As a result the cash flow statement for the year ended 31st March 2004 has been reclassified by £2 million.

The Group has also adopted the requirements of UITF 17 (Revised 2003) in relation to employee share awards. This change has not resulted in any restatement of the reserves prior to 31st March 2003. However, the profit and loss account for the year to 31st March 2004 has been restated with an adjustment of an increased operating profit of £1 million and in the balance sheet there has been an adjustment of £1 million to the reserves. The EPS figures have also been restated. These changes did not affect the results reported in the half year to 30th September 2003.

14 UNAUDITED HALF YEAR RESULTS

The results for the half year to 30th September 2004 have not been audited but, at the Company's request, have been reviewed by the auditors PricewaterhouseCoopers LLP. The financial information for the full year to 31st March 2004 is an abridged version of the Group's annual report and accounts for that year, which has been delivered to the Registrar of Companies, amended in respect of UITF 17 and 38 as described in note 13. The report of the auditors was unqualified and did not contain a statement under either Section 237(2) or 237(3) of the Companies Act 1985 (as amended).

This statement was approved by the directors on 3rd November 2004 and has been sent to all shareholders. A copy can be obtained from the Company Secretary, Pilkington plc, Prescott Road, St Helens WA10 3TT.

15 ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Under current European Union proposals, Pilkington will be required to adopt International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) when preparing its consolidated financial statements after 1st April 2005. The major areas of impact on the balance sheet will be retirement benefit obligations, the capitalisation of development costs, dividends, deferred taxation and hedge accounting and derivatives under IAS 32 and 39. For retirement benefits, Pilkington expects to adopt the proposed amendment to IAS 19 'Employee Benefits', which replicates IAS 19 'Retirement Benefits' by allowing actuarial deficits to be taken to reserves. The major areas of impact on the profit and loss account will be retirement benefit obligations, goodwill amortisation (which will no longer apply, but will be replaced by a requirement for annual impairment reviews of the goodwill balance sheet asset), share-based payments and accounting for hedges and derivatives under IAS 32 and 39.

Pilkington's first results reported under IFRS will be the interim results for the half year to 30th September 2005. Prior to this, the Group intends to provide information on both the effect on the opening shareholders' equity at 1st April 2004 and on the net profit for 2004/2005.

Independent review report to Pilkington plc

INTRODUCTION

We have been instructed by Pilkington plc to review the financial information which comprises the Group profit and loss account, the Group balance sheet, the Group cash flow statement, the statement of total recognised gains and losses and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

DIRECTORS' RESPONSIBILITIES

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

REVIEW WORK PERFORMED

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance

than an audit. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

REVIEW CONCLUSION

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30th September 2004.

PricewaterhouseCoopers LLP

Chartered Accountants
London
3rd November 2004

Notes:

- (a) The maintenance and integrity of the Pilkington plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Shareholder information

DIVIDEND

An interim dividend for the year ending 31st March 2005 of 1.75 pence per share, with scrip alternative, will be payable to shareholders, who are on the register on 3rd December 2004.

The scrip dividend share value will be calculated on the basis of the average of the middle market quotations of Pilkington shares on the London Stock Exchange for the five dealing days commencing on 1st December 2004.

Shareholders with an existing scrip dividend mandate will automatically receive new shares in lieu of a cash dividend. Scrip dividend mandates are available from the Company's Registrars and on the Company's website and should be completed and returned to them no later than 9th December 2004. Shareholders wishing to cancel an existing scrip mandate should also write to the Registrars before that date. The offer of a scrip dividend is subject to the terms of the Pilkington plc Scrip Dividend Scheme.

PAYMENT OF DIVIDENDS DIRECTLY INTO BANK ACCOUNTS

If you currently receive dividends by cheque you may wish to consider having future dividends paid directly into your bank account. You will benefit from no postal delay, no risk of the cheque being lost and avoid the inconvenience of having to go to the bank or building society. In addition, this will help the Company to minimise costs in the future which will benefit all shareholders. Simply complete a mandate form available from the Company's Registrars or the form may be downloaded from their website.

PAYMENT OF DIVIDENDS TO BANKS OUTSIDE THE UNITED KINGDOM BY TAPS

Transcontinental Automated Payment Service (TAPS) is a facility which is available for regular payments from the UK to certain countries overseas. If you are a private shareholder with a registered overseas address and your dividend is normally between £5 and £5,000 you may be able to receive your dividends using TAPS. A dividend is automatically converted on the first working day after the dividend payment date to the relevant country's domestic currency and can then be forwarded direct to your bank account in that country. The cost of this service is currently £2.50 per payment which will be deducted from your dividend payment prior to conversion. If you would like to receive your dividend using this service please contact the Company's Registrars for full details. The exchange rates will be published on the Company's website within five working days of the dividend payment date.

CONSOLIDATED TAX VOUCHERS

In an effort to streamline processes and to assist shareholders with record keeping, the Company will in future issue Consolidated Tax Vouchers for those shareholders who elect to have their dividends paid direct to their bank or building society account. This will avoid the necessity of issuing a tax voucher with each dividend payment. Instead, one tax voucher will be issued each year at the same time the interim dividend is paid, normally in December. This will contain the taxation details of all dividends for that particular financial year which will be of assistance to you if you are required to complete a tax return.

If you have any queries regarding this arrangement please contact the Company's Registrars.

FINANCIAL CALENDAR

Announcement of results	3rd November 2004
Ex-dividend date	1st December 2004
Record date	3rd December 2004
Latest return date for scrip dividend mandates or cancellation of existing mandates	9th December 2004
Dividend payment date and first date of dealing in scrip dividend shares	17th December 2004
Announcement of final results	26th May 2005
Annual General Meeting	28th July 2005
Final dividend payment date (to be confirmed)	August 2005

ELECTRONIC COMMUNICATIONS

Shareholders now have the opportunity to access shareholder documents, such as Notice of Meetings, Forms of Proxy, Report and Accounts and the Annual Review and Summary Financial Statement, electronically via the Internet, rather than receiving them by post. If you choose this option, you will receive a notification by e-mail each time the Company publishes shareholder documents on its website. The e-mail will provide information enabling you to access, read or download the documents at your leisure.

Use of electronic communications enables shareholders to access timely information and is also more environmentally responsible by helping to reduce the expense of printing and posting the documents mentioned above.

If you elect to receive shareholder documents in electronic form you will be able to change your instruction or request a paper copy at any time. To receive documents electronically, you will need to register

Shareholder information continued

online at www.computershare.com/register/uk and then select Pilkington plc. Full details of how to register are provided on-screen. You will need your Shareholder Reference Number available when you first log in (located on your share certificates or your tax voucher).

The use of electronic communications is entirely voluntary. If you wish to continue receiving communications from the Company by post in the traditional manner then you need take no action.

ANNUAL GENERAL MEETING 20TH JULY 2004

All resolutions were passed by the required majority on a show of hands at the annual general meeting held on 20th July 2004. Details of the shareholder proxy voting figures are available on the Company's website at www.pilkington.com or are available from the Company Secretary.

CREATE A PORTFOLIO WITH INVESTOR CENTRE

Investor Centre is a free portfolio management system operated by the Company's Registrars, which will enable you to view details of all your shareholdings that the Registrars administer. You are able to add other shareholdings to the portfolio. The portfolio shows the current market value of your shareholding (prices are normally only 20 minutes delayed).

In addition, you can view price histories and trading graphs for all companies listed on the London Stock Exchange, and keep up to date with market news.

If you wish to use this service, register free with Investor Centre at www.computershare.com/investorcentre/uk by clicking on 'Register now'. You will need to have available your Shareholder Reference Number. Please telephone 0870 873 5805 for Investor Centre enquiries.

SHARE DEALING SERVICE

The Company's Registrars, Computershare Investor Services PLC, has in place a share dealing service for Pilkington shares. For further information please telephone 0870 703 0084 or log on to www.computershare.com/investorcentre/uk.

REGISTER FOR E-MAIL ALERT SERVICE

If you wish to register for E-mail Alert Service go to www.pilkington.com and

- Select 'Investor Relations', then 'E-mail Alert Service'
- Enter your e-mail address
- Choose what you want to receive.

You can unsubscribe from this service at any time.

AMALGAMATING YOUR SHAREHOLDING

If you receive duplicate mailings, it may be because we have more than one shareholding in your name. To ensure that your shares are registered correctly and amalgamated into one account, please contact the Registrars on 0870 702 0000.

SHAREGIFT

The Orr Mackintosh Foundation operates a charity share donation scheme for shareholders with small parcels of shares whose value makes it uneconomical to sell them. Details of the scheme are available from the Company Secretary or on the ShareGift internet site, www.sharegift.org.

UNSOLICITED MAIL

The law obliges the Company to make its register of members available to other organisations. Because of this, you may receive mail you have not asked for. If you wish to limit the amount of personally addressed unsolicited mail you receive, please write for information and an application form to the Mailing Preference Service, Freepost 22, London W1E 4EZ, or visit their website www.mps-online.org.uk.

Shareholder contacts

Contact	Address	Telephone	E-mail	Facsimile	Website
REGISTRARS					
Computershare Investor Services PLC	PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH	Shareholder enquiries 0870 702 0000 Share dealing 0870 703 0084 *Textphone 0870 702 0005	web.queries@ computershare. co.uk	0870 703 6106	www.computershare.com/investorcentre/uk
PILKINGTON PLC					
David Roycroft Head of Corporate Affairs and Investor Relations	Pilkington plc Prescot Road St Helens WA10 3TT	01744 692837 or 020 7747 6000	david.roycroft@ pilkington.com	01744 693738	www.pilkington.com
Sheila Lennon Company Secretary		01744 692451	sheila.lennon@ pilkington.com	01744 20038	
FINSBURY GROUP (Financial PR advisers)					
Robin Walker	52-58 Tabernacle St London EC2A 4NJ	020 7251 3801	robin.walker@ finsbury.com	020 7251 4112	www.finsbury.com

*The Registrars can be contacted by Textphone which allows speech and hearing impaired people who have access to a Textphone to contact Computershare direct without the need for an intermediate operator. Specially trained operators are available during normal business hours.

www.pilkington.com



PILKINGTON

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Company Number 41495