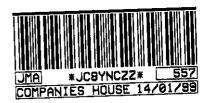
Company No: 824155

BOALLOY LIMITED REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 1998

HACKER YOUNG
CHARTERED ACCOUNTANTS



REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 1998

CONTENTS

	Page
	•
Directors' report	2
Auditors' report	4
Balance sheet	5
Notes to the financial statements	6

DIRECTORS' REPORT

The directors submit their report and financial statements for the year ended 31 March 1998.

Results and dividends

The company did not trade during the year.

The directors do not recommend the payment of a dividend for the year.

Directors and interests

The directors who held office during the year, none of whom had any interests in the share capital of the company, were as follows:

Sir James Duncan

G Brown

D S Hancock

J S Gibb

J G Potter

D A Buckley

The interests of the directors in the shares of the ultimate holding company are disclosed in the financial statements of that company.

DIRECTORS' REPORT

- CONTINUED -

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements 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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditors

The company has elected to dispense with the annual appointment of auditors. In the absence of a specific resolution to the contrary Hacker Young will continue in office.

Small company exemptions

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board of directors:

Secretary: D S Hancock

9 December 1998

AUDITORS' REPORT TO THE MEMBERS OF

BOALLOY LIMITED

We have audited the financial statements on pages 5 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

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

HACKER YOUNG

Registered Auditor Chartered Accountants St James Building 79 Oxford Street Manchester M1 6HT

9 December 1998

BALANCE SHEET AT 31 MARCH 1998

	Note	1998	1997
		£	£
Current assets			,
Debtors - Amounts falling due after more than one year	3	771,395	771,395
Capital and reserves			
Called up share capital	4	70,438	70,438
Share premium account		700,957	700,957
Total shareholders' funds		771,395	771,395

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities..

These financial statements were approved by the board of directors on 9 December 1998 and signed on its behalf by:

.. G Brown, director

The accompany notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

AT 31 MARCH 1998

1 Accounting policies

Accounting convention

These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Cash flow statement

The company has taken advantage of the exemption permitted by Financial Reporting Standard Number 1, whereby a cash flow statement need not be prepared by a wholly owned subsidiary of a parent company which itself publishes a consolidated cash flow statement.

2 Staff costs - directors and employees

No staff were employed during the year.

No emoluments were paid to the directors during the year (1997 - £Nil).

3 Debtors

	1998 £	1997 £
Amount owed by group undertakings	771,395	771,395

NOTES TO THE FINANCIAL STATEMENTS

AT 31 MARCH 1998

Share capital 4

Ordinary shares of £1 each:	1998 No	1997 No
Authorised	100,000	100,000
	1998 £	1997 £
Allotted, called up and fully paid	70,438	70,438

5 Ultimate parent undertaking

The directors consider Boalloy Industries Limited to be the company's ultimate holding company.