

Company Number 2270310

SCAGWAY LIMITED
FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER 1998



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INDEX TO THE FINANCIAL STATEMENTS

	Page
Report of the Directors	3
Balance Sheet	4
Notes to the Financial Statements	5-6

SCAGWAY LIMITED

REPORT OF THE DIRECTORS

The directors present their report with the financial statements of the company for the year ended 31st December 1998.

Activities and Future Prospects

The company did not trade during the year and the directors do not anticipate that the company will trade in the foreseeable future. The directors do not recommend the payment of a dividend. (1997 - £nil)

Directors and Directors' Interests

The directors of the company who served during the year were:

A.I. Wilkes (deceased 23rd March 1999)

P.G. Dumond

D.J. Plucinsky (appointed 24th March 1999)

Neither of the directors has any beneficial interest in the shares of the company.

The beneficial interests of the directors in the shares of the holding company, Mid-States PLC, are disclosed in the directors' report of that company.

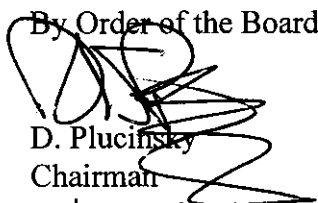
Directors' Responsibilities

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 period. In preparing those financial statements, the directors are required to:

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

By Order of the Board


D. Plucinsky

Chairman

23rd December 1999

Masters House
107 Hammersmith Road
London W14 OQH

SCAGWAY LIMITED**BALANCE SHEET****AS AT 31ST DECEMBER 1998**

	Notes	1998 £	1997 £
CURRENT ASSETS			
Debtors: Amounts owed by ultimate holding company		239,594	239,594
NET ASSETS		<u>239,594</u>	<u>239,594</u>
CAPITAL AND RESERVES			
Share capital	4	450,100	450,100
Profit and loss account		(210,506)	(210,506)
SHAREHOLDER'S FUNDS		<u>£239,594</u>	<u>£239,594</u>

There were no recognised gains or losses during the year (1997 - £nil).

The Company was dormant throughout the financial year ended 31st December, 1998.

D. Plucinsky
Chairman



Approved by the Board on 23rd December 1999

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

SCAGWAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

1. ACCOUNTING POLICIES

The principal accounting policy, which has been applied consistently throughout the year and with the preceding year, is set out below.

Accounting Convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting and financial reporting standards.

2. PROFIT AND LOSS ACCOUNT

The company did not trade during the year and consequently no income or expenditure arose. Consequently, during the period ended 31st December 1998 the company made neither a profit nor a loss. The company had no employees during the year.

3. DIRECTORS' REMUNERATION

The directors received no remuneration in respect of their services to the company during the year (1997 - £nil).

4. SHARE CAPITAL

AUTHORISED

	1998	1997
500,000 ordinary shares of £1 each	£500,000	£500,000

ALLOTTED, CALLED-UP AND FULLY PAID

450,100 ordinary shares of £1 each	£450,100	£450,100
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SCAGWAY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31ST DECEMBER 1998 (continued)****5. ULTIMATE HOLDING COMPANY**

The company is a subsidiary undertaking of Mid-States PLC, a company registered in England and Wales, which heads the only group in which the company's results are consolidated and whose consolidated financial statements may be obtained from its Head Office at Masters House, 107 Hammersmith Road, London W14 OQH.