

FRANCIS SHAW PLC
(REGISTERED NUMBER 105486)

DIRECTORS' REPORT AND ACCOUNTS
31 December 1998



FRANCIS SHAW PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998

The directors have pleasure in submitting their report together with the audited accounts for the year to 31st December 1998.

ACTIVITIES

The principal activity of the company is as a holding company.

BUSINESS REVIEW

The company is a dormant company.

DIRECTORS AND THEIR INTERESTS

The directors who served during the period were:

Mr J R Edwards	(Appointed 12 th August 1998)
Mr P J K Haslehurst	(Resigned 26 th July 1999)
Mr J J Hobbs	(Resigned 23 rd July 1998)
Mr D P Lillycrop	(Appointed 12 th August 1998, resigned 26 th July 1999)
Mr G M Norris	(Appointed 2 nd October 1998)

The beneficial interests of the directors in shares and options of TI Group plc during the year were as follows:

	<u>Ordinary Shares</u>		<u>Ordinary Shares under option</u>			
	<u>31 Dec</u> <u>1998</u>	<u>Date of</u> <u>Appt</u>	<u>31 Dec</u> <u>1998</u>	<u>Options</u> <u>granted</u>	<u>Options</u> <u>exercised</u>	<u>Date of</u> <u>Appt</u>
J R Edwards	71,134	74,613	245,974	-	-	245,974
G M Norris	10,000	-	34,872	-	-	34,872

Further information on the share options may be found in the annual report of TI Group plc.

YEAR 2000

The directors do not consider the Year 2000 computer problem to be of significance to the company as it no longer trades.

FRANCIS SHAW PLC

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

- (i) select suitable accounting policies and then apply them consistently;
- (ii) make judgements and estimates that are reasonable and prudent;
- (iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- (iv) 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 have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors confirm that these financial statements comply with these requirements.

AUDITORS

KPMG resigned as auditors on 28th July 1999 and the directors appointed PricewaterhouseCoopers to fill the casual vacancy. PricewaterhouseCoopers have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment and authorising the directors to fix their remuneration will be put to the Annual General Meeting.

By order of the Board



D A Penn
Secretary
30th July 1999

FRANCIS SHAW PLC

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF FRANCIS SHAW PLC

We have audited the accounts on pages 4 to 6 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 2 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, 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 become aware of any apparent misstatements or material inconsistencies with the financial statements.

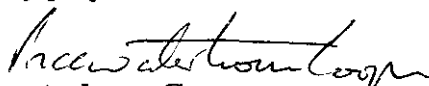
Basis of audit opinion

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 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 affairs of the company at 31st December 1998 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors

Birmingham
30th July 1999

FRANCIS SHAW PLC

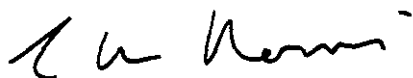
BALANCE SHEET - 31 DECEMBER 1998

	<u>Notes</u>	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
CURRENT ASSETS			
Debtors	2	1,610,414	1,610,414
NET CURRENT ASSETS		<u>1,610,414</u>	<u>1,610,414</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,610,414</u>	<u>1,610,414</u>
CAPITAL AND RESERVES			
Called up share capital	3		
Equity		1,270,414	1,270,414
Non-equity		340,000	340,000
TOTAL SHAREHOLDERS' FUNDS		<u>1,610,414</u>	<u>1,610,414</u>

The notes on pages 5 & 6 form part of these accounts.

Approved by the Board on 30th July 1999

GM NORRIS, DIRECTOR



FRANCIS SHAW PLC

NOTES TO THE ACCOUNTS - 31 DECEMBER 1998

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with the Companies Act 1985, and applicable accounting standards.

Cash flow statement

The company has not produced a cash flow statement as it is a wholly owned subsidiary of TI Group plc, whose accounts include a consolidated cash flow statement.

2. DEBTORS

	1998 £	1997 £
Receivable from fellow TI Group undertakings	<u>1,610,414</u>	<u>1,610,414</u>

There is no specified date for repayment and the balance does not bear interest.

3. SHARE CAPITAL

	1998 and 1997			
	Authorised		Allotted, called up and fully paid	
	No.	£	No.	£
EQUITY SHARE CAPITAL				
Ordinary shares of 10p each	7,197,240	719,724	3,301,380	330,138
Deferred Ordinary Shares of 20p each	4,701,380	940,276	4,701,380	940,276
		<u>1,660,000</u>		<u>1,270,414</u>
NON-EQUITY SHARE CAPITAL				
5¼ Cumulative Preference Shares of £1 each	200,000	200,000	200,000	200,000
37% Second Preference Ordinary Shares of 10p each	1,400,000	140,000	1,400,000	140,000
		<u>340,000</u>		<u>340,000</u>
		<u>2,000,000</u>		<u>1,610,414</u>

FRANCIS SHAW PLC

NOTES TO THE ACCOUNTS - 31 DECEMBER 1998 (Continued)

4. ULTIMATE HOLDING COMPANY

The ultimate holding company is TI Group plc which is registered in England and Wales and incorporated in Great Britain. TI Group plc acquired the issued share capital of EIS Group PLC, the immediate parent company, in July 1998. Copies of the Annual Report of TI Group plc are available from Lambourn Court, Abingdon, Oxon, OX14 1UH.