

(Company No. 3072697)

WATERHOUSE NOMINEES LIMITED

Directors' Report

and

Financial Statements

30 September 1998



WATERHOUSE NOMINEES LIMITED

Board of Directors and Other Information

DIRECTORS:

Steven Bonutto
Martin Fisher
Patrick Bartholomew Flynn
Keith Nigel Grant
David Frankie Harman
Alan Roy Hawkins
Robert Alec Jackman
Dr Gordon Alan Lindsay
Penelope Ann McKelvey
Heather Robbie

SECRETARY:

Keith Nigel Grant

REGISTERED OFFICE:

67 Lombard Street
London
EC3P 3DL

TELEPHONE NUMBER:

0171 615 0000

Registered in England No. 3072697

WATERHOUSE NOMINEES LIMITED

Directors' Report

30 September 1998

The Directors present their annual report and the financial statements for the year ended 30 September 1998.

1. BUSINESS REVIEW

The company is a wholly owned subsidiary of RBS Trust Bank Ltd. ("Trust Bank") which itself is a wholly owned subsidiary of The Royal Bank of Scotland plc. The company's business is that of a nominee company only. As the company has not traded during the accounting period, received no income and incurred no expenditure, a profit and loss account is not presented.

On 24 July 1998, The Royal Bank of Scotland plc transferred its interest in the company to Trust Bank. The company's ultimate parent company is still The Royal Bank of Scotland Group plc.

2. DIRECTORS

The names of the present Directors are as listed on page 1.

The following were appointed as Directors of the company on the dates specified:

<u>Name of Director</u>	<u>Date of Appointment</u>
Simon Christopher Dare	1 October 1997
Keith John Hoffman	27 July 1998
Dr Gordon Alan Lindsay	27 July 1998
Penelope Ann McKelvey	27 July 1998
Keith Nigel Grant	10 September 1998
Steven Bonutto	7 January 1999
Martin Fisher	7 January 1999
Patrick Bartholomew Flynn	7 January 1999
David Frankie Harman	7 January 1999
Robert Alec Jackman	7 January 1999
Heather Robbie	7 January 1999

The following resigned as Directors of the company on the dates specified.

<u>Name of Director</u>	<u>Date of Resignation</u>
Pamela Jane Layzell	3 February 1998
Jane McCabe	8 May 1998
Elizabeth Jayne Marshall	8 July 1998
Simon Christopher Dare	27 July 1998
John Albert Lea	27 July 1998
Antoinette Una Moriarty	27 July 1998
Sarah Jane Adams	31 December 1998
Lee Alan Betney	31 December 1998
Kevin James Davies	31 December 1998
Philip Arthur Goulds	31 December 1998
Simon Nicholas Hughes	31 December 1998
John Storey	31 December 1998
Keith John Hoffman	31 March 1999

WATERHOUSE NOMINEES LIMITED

Directors' Report (*continued*)

30 September 1998

3. COMPANY SECRETARY

During the year Mr J A Lea resigned as Company Secretary and Mrs P A McKelvey appointed in his place on 27 July 1998. Mrs P A McKelvey resigned as Company Secretary on 10 September 1998 and Mr K N Grant was appointed as Company Secretary on the same date.

4. DIRECTORS' INTERESTS

The interests of the directors at 30th September 1998 in the share or loan capital of the ultimate holding company, The Royal Bank of Scotland Group plc, or in the share or loan capital of its subsidiary companies are shown on page 4.

5. AUDITORS

At the Extraordinary General Meeting of the company held on 20 September 1995 a resolution was passed making the company exempt from the obligation to appoint auditors by virtue of section 252 or as otherwise required by Section 384 of the Companies Act 1985.

By Order of the Board



K N Grant
Secretary

26 May 1999

WATERHOUSE NOMINEES LIMITED

Directors' Report (continued)

30 September 1998

DIRECTORS' INTERESTS

The following Directors were beneficially interested in the 25p ordinary shares of The Royal Bank of Scotland Group plc:

	At 1 October 1997 [or date of appointment if later]	At 30 September 1998
	<u>Shares</u>	<u>Shares</u>
L A Betney	898	543
P A Goulds	792	797
K J Hoffman	3,080	3,091
S N Hughes	146	148
J Storey	-	325

Options to subscribe for 25p ordinary shares of The Royal Bank of Scotland Group plc granted to and exercised by Directors during the year to 30 September 1998 are included in the table below:

	At 1 October 1997 [or date of appointment if later]	<u>Options Granted</u>		<u>Options Exercised</u>		At 30 September 1998
		<u>Number</u>	<u>Price</u> £	<u>Number</u>	<u>Price</u> £	
L A Betney	3,484	-	-	-	-	3,484
P A Goulds	880	-	-	-	-	880
S N Hughes	3,501	-	-	-	-	3,501
Dr G A Lindsay	1,961	-	-	-	-	1,961
P A McKelvey	518	-	-	-	-	518
J Storey	998	172	7.99	325	2.12	845

No other Director had an interest in the ordinary shares of The Royal Bank of Scotland Group plc and no Director had an interest in any of the preference shares of The Royal Bank of Scotland Group plc during the year to 30 September 1998.

In addition, during that period, none of the Directors held a beneficial interest in the loan capital of The Royal Bank of Scotland Group plc or in the share or loan capital of any of the other subsidiaries of The Royal Bank of Scotland Group plc, including the company.

WATERHOUSE NOMINEES LIMITED

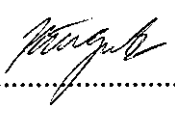
Balance Sheet

As at 30 September 1998

	<u>Note</u>	<u>1998</u> £	<u>1997</u> £
CURRENT ASSETS			
Debtors:			
Amounts owed by parent undertaking -		<u>100</u>	<u>100</u>
NET ASSETS		<u>100</u>	<u>100</u>
CAPITAL			
Called up share capital	3	<u>100</u>	<u>100</u>
		<u>100</u>	<u>100</u>

DIRECTORS DECLARATION

The company was dormant (within the meaning of Section 252 of the Companies Act 1985) throughout the accounting period ending at the date of this balance sheet.

Director 

Date: 26 May 1999

Director 

NOTES

1. Accounting Policy

The financial statements have been prepared under the historical cost convention and in compliance with the Companies Act 1985.

2. Ultimate Holding Company

The company is a wholly owned subsidiary of RBS Trust Bank Ltd., a company incorporated and registered in England. The company's ultimate holding company is The Royal Bank of Scotland Group plc which is incorporated in Great Britain and registered in Scotland.

NOTES (continued)

3. Called up Share Capital

	<u>Authorised</u>	<u>Share capital allotted, called up and fully paid</u>
At 30 September 1998 and 1997		
Ordinary Shares of £1 each	<u>£1000</u>	<u>£100</u>

4. Profit and Loss Account

The company has not traded during the accounting period, has received no income and incurred no expenditure and consequently has made neither a profit nor a loss. A profit and loss account is therefore not provided. None of the Directors received any remuneration in respect of their services to the company.

5. Contingent Liabilities

There is a contingent liability to subscribe for uncalled capital in respect of securities registered in the company but the company has recourse to the beneficial owners of these securities should any liability arise.

6. Approval of Accounts

The financial statements were approved at a meeting of the Board of Directors on 26 May 1999