

**Directors' Report for the year to 31 December 2006**

The accounts for the year are attached.

The company has not traded during the year and accordingly it has made neither a profit nor a loss. No Profit or Loss Account has therefore been prepared.

The following served as Directors during (and, unless otherwise indicated, throughout) the year:

	<i>Appointed</i>	<i>Resigned</i>
A Dick		
R A Gibb		
G G M Izatt		
P D Kennerley		
M Stevens		29/12/06

The Directors' interests in shares of Scottish & Newcastle plc (including options granted under the terms of the United Kingdom employee share schemes to subscribe for ordinary shares) at 31 December 2006 and 31 December 2005 were as follows:

	<i>31 December 2006</i>		<i>31 December 2005</i>	
	<i>Shares</i>	<i>Options</i>	<i>Shares</i>	<i>Options</i>
A Dick	6,862	20,214	5,251	55,621
R A Gibb	8,237	224,227	6,717	230,915
G G M Izatt	37,280	11,117	36,113	36,844
M Stevens	3,993	2,588	3,493	2,819
P D Kennerley	25,999	246,863	15,698	249,018

By Order of the Board



M Stevens  
Secretary

22 October 2007



**Balance Sheet as at 31 December 2006**

	<i>31 December 2006 £</i>	<i>31 December 2005 £</i>
<b>CURRENT ASSETS</b>		
DEBTORS – Amount due by Scottish & Newcastle plc	100	100
<b>NET ASSETS</b>	<u>100</u>	<u>100</u>
<b>CAPITAL AND RESERVES</b>		
Share Capital – See note 2	<u>100</u>	<u>100</u>

For the year ended 31 December 2006 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 249B(2).

The directors acknowledge their responsibility for.

- Ensuring the company keeps accounting records which comply with section 221,
- Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

Notes to the Accounts

- The ultimate holding company is Scottish & Newcastle plc, a company incorporated in Scotland
- The detail of the share capital is as follows.

	<i>31 December 2006 £</i>	<i>31 December 2005 £</i>
<u>Authorised</u>		
10,000 Ordinary Shares of £1 fully paid	10,000	10,000
 Allotted and Fully paid up		
100 Ordinary Shares of £1	100	100

Signed on behalf of the Board



M Stevens  
Director

22 October 2007