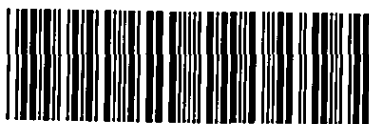


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MEEUS INVESTMENTS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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DIRECTORS' REPORT – YEAR ENDED 31 DECEMBER 2006

Directors	Ladbroke Corporate Director Limited (appointed 2 November 2006) J C Baty (resigned 2 November 2006) S Humphreys (resigned 23 February 2006) M J Noble (appointed 13 February 2006, Resigned 2 November 2006) A R Wyatt (resigned 2 November 2006)
Secretary	Ladbroke Corporate Secretaries Limited
Registered office	Imperial House, Imperial Drive, Rayners Lane, Harrow, Middlesex, HA2 7JW
Company registration no	1197865

The director presents the report and the company's financial statements for the year ended 31 December 2006

RESULTS AND DIVIDENDS

The financial statements for the year show a profit after tax of £1,211,802 (13 months to December 2005 £1,167,509)

No dividend is recommended by the directors for the year ended 31 December 2006 (13 months to December 2005 £nil)

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The company's principal activity is to act as a holding company

The company has an investment in US dollar preference shares issued by a fellow subsidiary company in 2005 on which it receives a preference dividend calculated on LIBOR for the US dollar plus 1.5%

The key financial performance indicators for the period are:

	10 MONTHS ENDED 31 DECEMBER 2006 £	13 MONTHS ENDED 31 DECEMBER 2005 £
Profit after tax	1,211,802	1,167,509
Investments	60,075,798	65,313,020
Shareholders' funds	11,765,992	10,554,190

The main impact on the results of the company arose from the foreign exchange loss incurred since its loan from a fellow subsidiary was converted into a sterling loan, and no longer hedges the foreign exchange movements on the foreign currency investment

DIRECTORS' REPORT – YEAR ENDED 31 DECEMBER 2006**PRINCIPAL RISKS AND UNCERTAINTIES**

Ladbroke plc reviews and evaluates key risks and uncertainties faced by the group as part of the divisional reviews undertaken at its regular board meetings. The impact of risks and uncertainties of the company is considered as part of this review process.

Exposure to currency

Exposure to currency arises from the dividend payment on the preference shares which is paid in US dollars.

Exposure to interest rates

The principal source of income for the company is the preference dividend. This dividend is paid biannually and interest is calculated based on the US dollar one year LIBOR + 1.5%.

FUTURE DEVELOPMENTS

The company does not anticipate any change in its activities in the current year.

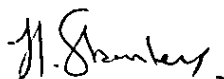
DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year Ladbroke plc purchased and maintained on behalf of the company liability insurance for its directors and officers as permitted by section 310 (3) of the Companies Act 1985.

DISCLOSURE OF INFORMATION TO THE AUDITORS

The director in office as of the date of approving this report confirms that so far as they are aware, there is no relevant audit information (being information needed by the auditor in connection with preparing its report) of which the auditor is unaware and that they have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the Board



Ladbroke Corporate Secretaries Limited
Secretary 27 JUN 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the statement of auditor's responsibilities set out on page 5, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and the auditors in relation to the financial statements

The directors are required by the Companies Act 1985 to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for the financial period

The directors consider that in preparing the financial statements on pages 6 to 13 the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed, subject to any explanations and any material departures disclosed in the notes to the financial statements

The financial statements have been prepared on a going concern basis as the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enables them to ensure that the financial statements comply with the Companies Act 1985

The directors have general responsibility for taking such steps as are reasonably open to them and which they deem appropriate to safeguard the assets of the company and to seek to prevent and detect fraud and other irregularities

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEEUS INVESTMENTS LIMITED

We have audited the company's financial statements for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP

Registered auditor

London

27 June 2007

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	YEAR ENDED 31 DECEMBER 2006 £	13 MONTHS ENDED 31 DECEMBER 2005 £
Income from shares in group undertakings	5	4,046,600	2,694,356
Foreign exchange loss		(26,422)	(14,874)
OPERATING PROFIT	4	4,020,178	2,679,482
Interest receivable	6	221,538	534,946
Interest payable	7	(3,029,914)	(2,046,919)
PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION AND FOR THE PERIOD	14	1,211,802	1,167,509

Operating profits derive entirely from continuing activities

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

		YEAR ENDED 31 DECEMBER 2006 £	13 MONTHS ENDED 31 DECEMBER 2005 £
Profit attributable to ordinary shareholders		1,211,802	1,167,509
Foreign exchange (loss)/gain on foreign currency investments	10	(5,237,222)	6,494,734
Foreign exchange gain/(loss) on foreign currency loans		5,237,222	(6,494,734)
TOTAL RECOGNISED GAIN RELATING TO THE PERIOD		1,211,802	1,167,509

BALANCE SHEET AS AT 31 DECEMBER 2006

	Note	31 DECEMBER 2006 £	31 DECEMBER 2005 £
FIXED ASSETS			
Investments	10	60,075,798	65,313,020
CURRENT ASSETS			
Debtors	11	965,557	10,618,873
TOTAL CURRENT ASSETS		965,557	10,618,873
CREDITORS – amounts falling within one year	12	(49,275,364)	(65,377,703)
NET CURRENT (LIABILITIES)		(48,309,807)	(54,758,830)
TOTAL ASSETS LESS CURRENT LIABILITIES		11,765,992	10,554,190
CAPITAL AND RESERVES			
Called up share capital	13	8,090,200	8,090,200
Share premium account	14	199,624	199,624
Profit and loss account	14	3,476,168	2,264,366
Shareholders' funds (including non-equity interests)	14	11,765,992	10,554,190
Equity interest		11,765,892	10,554,090
Non-equity interest		100	100
		11,765,992	10,554,190



27 JUN 2007

Ladbrokes Corporate Director Limited
Director

FOR AND ON BEHALF OF
LADBROKE CORPORATE
DIRECTOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER 2006**1. FUNDAMENTAL ACCOUNTING CONCEPT**

The financial statements have been prepared under the going concern concept because, as stated in note 12 the directors of the group companies to whom £49,275,364 (2005 £65,377,702) is owed at 31 December 2006 have agreed to defer settlement of this amount and related interest until the company is financially able to settle these debts. In addition the ultimate holding company has agreed to meet its liabilities as they fall due should the company's income not be sufficient.

2. ACCOUNTING POLICIES**(a) Basis of accounting**

The financial statements have been prepared under the historical cost convention. They have been drawn up to comply with applicable UK accounting standards.

The accounting policies adopted by the company are set out below and are consistent with those of the previous financial year.

(b) Foreign currencies

Profit and loss transactions in foreign currencies are translated into sterling at average rates of exchange. Assets and liabilities in foreign currencies are translated into sterling at period-end rates of exchange.

(c) Investments

Investments are held at cost less any impairment. Impairment tests are carried out as and when required by Financial Reporting Standard (FRS) 11.

(d) Taxation

No provision for corporation tax or deferred taxation has been made, as an undertaking has been received from the company's ultimate holding company, Ladbroke plc, that the latter will assume all liabilities for taxation, including those amounts arising as a result of the reversal of timing differences.

3. ACCOUNTING REFERENCE DATE

The financial statements are prepared for the year ended 31 December 2006. The comparatives are for the thirteen months ended 31 December 2005.

4. OPERATING PROFIT

Audit fees for the year ended 31 December 2006 of £1,300 have been borne by another group company.

NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER 2006

5. INCOME FROM SHARES IN GROUP UNDERTAKING

	YEAR ENDED 31 DECEMBER 2006 £	13 MONTHS ENDED 31 DECEMBER 2005 £
Preference dividend receivable	3,081,043	2,694,356

6. INTEREST RECEIVABLE

	YEAR ENDED 31 DECEMBER 2006 £	13 MONTHS ENDED 31 DECEMBER 2005 £
From group company	221,538	534,946

7. INTEREST PAYABLE

	YEAR ENDED 31 DECEMBER 2006 £	13 MONTHS ENDED 31 DECEMBER 2005 £
To group company	3,029,914	2,046,919

8. DIRECTORS AND EMPLOYEES

(a) Directors' emoluments

The directors' emoluments are borne entirely by other group undertakings and it is not practicable to estimate what portion of their emoluments are attributable to this subsidiary. The directors, three of whom were members of the Ladbroke's Pension Plan, a defined benefit scheme, received total remuneration for the period of £390,273 (13 months ended 31 December 2005 £422,124).

(b) Staff costs and numbers

All operations of the company are undertaken by employees of other group companies and their respective staff costs have not been included in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER 2006

9. TAXATION

No provision has been made in these financial statements for UK corporation tax, as an undertaking has been received from its ultimate holding company, Ladbroke plc (formerly Hilton Group plc), that the latter will assume all liabilities for any such taxation

There are no amounts of deferred tax that require to be indemnified in respect of any material timing differences for the year ended 2006 or the thirteen months ended 31 December 2005

10. INVESTMENTS

	Preference shares in group companies £	Subsidiary undertakings £	Total £
Cost:			
At 31 December 2005	65,290,546	247,659	65,538,205
Foreign exchange movement	(5,237,222)	-	(5,237,222)
At 31 December 2006	60,053,324	247,659	60,300,983
Provisions:			
At 31 December 2005 and 31 December 2006	-	225,185	225,185
Net Book Value:			
At 31 December 2006	60,053,476	22,474	60,075,798
At 31 December 2005	65,290,546	22,474	65,513,020

Investment in subsidiary undertakings:

The company owns 100% of the ordinary shares of Ladbroke Group Homes Limited, a company registered in England and Wales which is not expected to trade in the current year

The company is exempt from preparing consolidated financial statements under section 228 of the Companies Act 1985. In the opinion of the directors the value of the subsidiary undertaking is not less than the amount at which it is stated in these financial statements

NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER 2006

11. DEBTORS

	31 DECEMBER 2006 £	31 DECEMBER 2005 £
Amounts due from group company	-	9,899,154
Accrued dividend and interest	965,557	719,719
	<u>965,557</u>	<u>10,618,873</u>

12. CREDITORS

	31 DECEMBER 2006 £	31 DECEMBER 2005 £
Amount due to group company	49,275,365	65,377,703

Amounts due to group companies are included under amounts falling due within one year where there are no specified terms as to their repayment. While amounts due to group companies are technically repayable on demand and hence are included in creditors falling due within one year, the directors of the group company concerned have agreed to defer settlement of these amounts and the related interest until the company is financially able to settle these debts.

13. CALLED UP SHARE CAPITAL

	31 DECEMBER 2006 £	31 DECEMBER 2005 £
Authorised, allotted, called up and fully paid		
7,500 'A' ordinary shares of £1 each	7,500	7,500
2,500 'B' ordinary shares of £1 each	2,500	2,500
8,080,100 special shares of £1 each	8,080,100	8,080,100
100 deferred shares of £1 each	100	100
	<u>8,090,200</u>	<u>8,090,200</u>

NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER 2006

Rights of shareholders**A and B ordinary and special shares.**

- (a) entitle holders to receive a dividend of such amount as the directors shall deem to be justified
- (b) on a winding up, will carry the right of repayment of capital in proportion to paid up capital after payment of paid up deferred shares
- (c) carry the right to attend and vote at any general meeting of the company

Deferred shares

- (d) entitle holders to a dividend in respect of any year (or other financial period of the company) in which the profits exceed £10,000,000, after payment in full of dividends on all other classes of shares of the company, at the rate of 10% of the capital paid up
- (e) carry no right to attend and vote at any general meeting of the company
- (f) carry no right, on a return of assets on liquidation, to receive payment out of any surplus after payment of the amount paid up

14. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Share premium £	Profit & loss account £	Total £
At 30 November 2004	8,090,200	199,624	1,096,857	9,386,681
Exchange gain on investment	-	-	6,494,734	6,494,734
Exchange loss on loan	-	-	(6,494,734)	(6,494,734)
Profit for 13 months period	-	-	1,167,509	1,167,509
At 31 December 2005	8,090,200	199,624	2,264,366	10,554,190
Exchange loss on investment	-	-	(5,237,222)	(5,237,222)
Exchange gain on loans	-	-	5,237,222	5,237,222
Profit for the year	-	-	1,211,802	1,211,802
As at 31 December 2006	8,090,200	199,624	3,476,168	11,765,992

NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER 2006**15. CONTINGENT LIABILITIES**

The company has jointly and severally guaranteed the value added tax liability of Ladbrokes plc group companies within the group registration, amounting to approximately £4.8 million as at 31 December 2006 (31 December 2005 £7.9 million)

16. CASH FLOW STATEMENT

The company has taken advantage of the provision of FRS1 which exempts subsidiary undertakings from preparing a cash flow statement where 90% or more of the voting rights are controlled within the group. The ultimate parent company, Ladbrokes plc, has included the required consolidated cash flow statement within its consolidated financial statements.

17. ULTIMATE PARENT UNDERTAKING

The ultimate parent company is Ladbrokes plc and the immediate parent company is Ladbroke Group Properties Limited, companies registered in England and Wales, the financial statements of which are available from the registered office of that company at Imperial House, Imperial Drive, Rayners Lane, Harrow, Middlesex, HA2 7 JW.

The company has taken advantage of the provision of FRS8, which exempts subsidiary undertakings, 90% or more of whose voting rights are controlled within the group, from disclosing transactions with other entities in the group.

The ultimate parent company, Ladbroks plc, has included the required related party disclosures within its group financial statements.