

Directors' Report for the Year Ended 03 May 1998

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.

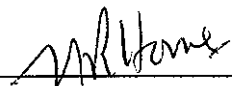
The following served as Directors during (and, unless otherwise indicated, throughout) the year:-

	<u>Appointed</u>
Mr Neville Rex Homer F.C.I.S.	28-Jan-1991
Mr Michael John Pearey	30-Sep-1983

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 27-Apr-1997(or appointment, if later) and at 03-May-1998 were as follows:-

	03 May 1998		27 Apr 1997	
	<u>Shares</u>	<u>Options</u>	<u>Shares</u>	<u>Options</u>
Mr Neville Rex Homer F.C.I.S.	3,562	3,165	4,778	3,165
Mr Michael John Pearey	31,064	75,927	30,283	71,013

By order of the Board



Mr Neville Rex Homer F.C.I.S.

Secretary

20 May 1998



WILLIAM McEWAN AND COMPANY LIMITED

Company Number 1885


BALANCE SHEET AS AT 3 MAY 1998

	<u>1997</u> <u>£</u>	<u>1998</u> <u>£</u>
CURRENT ASSETS		
DEBTORS: Amount due by Scottish & Newcastle plc	1,010,000	1,010,000
NET ASSETS	<u>1,010,000</u>	<u>1,010,000</u>
CAPITAL AND RESERVES		
SHARE CAPITAL		
Authorised Issued & fully paid 1,010,000 Ordinary Shares of £1 each	1,010,000	1,010,000
	<u>1,010,000</u>	<u>1,010,000</u>

Notes to the Accounts

1. The ultimate holding company is Scottish & Newcastle plc, a company incorporated in Scotland.
2. The company was dormant, within the meaning of Section 252 of the Companies Act 1985, throughout the year.

Signed on behalf of the Board


.....
N R Homer
EdinburghDirector
20 May 1998