Registered in Scotland, number SC300161

S&N F Limited

Directors' Report and Accounts

31 December 2007

DIRECTORS' REPORT

Directors' report for the year ended 31 December 2007
The directors present their report and the audited financial statements of the company for the year ended 31 December 2007

Principal activities
The principal activity of the company is to derive income from the Fosters brand in the United Kingdom and Europe

Financial review
The retained profit for the year was £9 1m (period ended 31 December 2006 £6 0m) The directors do not recommend the payment of an ordinary dividend

Ultimate parent undertaking
The ultimate parent undertaking of the company is Scottish & Newcastle plc

Directors and their interests
The directors who held office were as follows

Peter Kennerley (resigned 28 April 2008)
Ian McHoul (resigned 28 April 2008)
Thomas Ward (resigned 23 May 2008)
Yves Couette (appointed 22 October 2007, resigned 30 December 2007)
Frederic Renauld (appointed 22 October 2007)
Alan Dick (appointed 28 April 2008)
David Hazelwood (appointed 28 April 2008)

None of the directors who served during the period had any disclosable interest in the shares of the company

Employee relations and involvement
The company is firmly committed to the principles of employee involvement A full range of briefing, consultation and bargaining arrangements have been developed in all parts of the company and these are subject to continuous review and improvement

The company encourages the involvement of its employees in the performance of the company through the employee share scheme

Employees are kept informed of financial and economic factors affecting the company through a strong internal communications programme, which includes face to face briefings, Intranet, email and video communications

Disabled persons
Full and fair consideration has been given to applications for employment made by disabled persons and appropriate training, career development and promotion have been provided in all cases Employees who become disabled and unable to continue in their existing jobs are given the opportunity to be retrained for suitable alternative employment

Financial Risk Management Policy
The main risks associated with the company's financial assets and liabilities are set out below

Interest rate risk
The company benefits from the management of interest rate risk being undertaken at parent company level and therefore interest rate risk is viewed at a Group level

Price risk
There is no significant exposure to changes in the carrying value of financial liabilities and assets because all of these bear interest at floating rates

Directors' report *(continued)*

Liquidity risk
The company benefits from the management of liquidity risk being undertaken at parent company level and therefore primarily obtaining funding intra group Its bank accounts form part of the Group offset arrangements

Foreign currency risk
The company benefits from the management of foreign currency risk being undertaken at parent company level The company hedges its overseas investments by way of currency denominated liabilities

Future Developments
The company expects to continue to derive income from the Fosters brand in the UK and Europe and plans to expand within other geographical locations Subsequent to the balance sheet date, Scottish & Newcastle plc was acquired by Sunrise Acquisition Limited, a company incorporated in Jersey, which is jointly owned by Heineken N V and Carlsberg A/S

Political and charitable contributions
The company made no political or charitable contributions during the period (period ended 31 December 2006 – £nil)

Statement of disclosure of information to Auditors
So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the Board

M Stevens
Secretary

28 St Andrew Square
Edinburgh
EH2 1AF

25 July 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice

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 of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF S&N F LIMITED

We have audited the company's financial statements for the year ended 31 December 2007 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 15 These financial statements have been prepared on the basis of 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice)

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 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 with the company 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 31 December 2007 and of its profit for the period 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
Registered Auditor, Edinburgh
25 July 2008

Ernst & Young LLP

Profit and Loss Account
For the year ended 31 December 2007

	Note	Year ended 31 December 2007 £m	Period ended 31 December 2006 £m
Turnover	2	15 7	11 0
Net operating costs	3	(2 7)	(2 3)
Operating profit		13 0	8 7
Interest payable and similar charges	6	(0 6)	(0 1)
Profit on ordinary activities before taxation		12 4	8 6
Tax on profit on ordinary activities	7	(3 3)	(2 6)
Profit attributable to ordinary shareholders retained		9 1	6 0

Statement of Total Recognised Gains and Losses
For the year ended 31 December 2007

There are no recognised gains and losses for the current financial year other than the profit of £9 1m shown above (Period ended 31 December 2006 £6 0m)

Balance Sheet
At 31 December 2007

	Note	31 December 2007 £m	31 December 2007 £m	31 December 2006 £m	31 December 2006 £m
Fixed assets					
Intangible assets	*8*		313 5		313 5
Current assets					
Debtors	*9*	4 6		4 7	
Cash		22 0		6 3	
		26 6		11 0	
Creditors: amounts falling due within one year	*10*	(18 9)		(12 4)	
Net current liabilities			7 7		(1 4)
Total assets less current liabilities			321 2		312 1
Capital and reserves					
Called up share capital	*12*		306 1		306 1
Profit and loss account	*13*		15 1		6 0
			321 2		312 1

These accounts were approved by the Board of Directors on 25 July 2008 and were signed on its behalf by

Director

Notes to the accounts

1 Accounting Policies

Basis of preparation
The accounts are prepared in accordance with applicable United Kingdom Accounting Standards and as a going concern on the basis that the ultimate holding company will not demand repayment of amounts owed to it within twelve months of the date of signing these accounts

The company has taken advantage of exemptions under FRS1 and has not prepared a cash flow statement

The company has taken advantage of exemptions under FRS8 and has not disclosed certain related party transactions

The company is exempt from the requirement to prepare consolidated accounts under Section 228 of the Companies Act 1985 The financial statements presented are therefore for the company only

Pension and other post retirement benefits
Employees of S&N F Ltd are members of the Scottish & Newcastle plc Group pension schemes, which covers several companies in the group It is not possible to identify the share of assets and liabilities relating to individual companies Consequently in S&N F Ltd the pension schemes are accounted for as defined contribution schemes

Intangible assets
Intangible assets are capitalised at cost Where the useful life of the intangible asset is considered to be indefinite no annual impairment is provided but the intangible asset is subject to an annual impairment review and any impairment to carrying value is charged to the profit and loss account in the period Where the useful life of the intangible is not considered to be indefinite the asset is amortised in line with the pattern of the benefits earned under the licence

Royalty Income
Royalty Income is included on a receivable basis calculated on sales of the Fosters brand arising during each accounting period as reported by licensees

Deferred taxation
Deferred taxation is provided, without discounting, on all timing differences which have originated but not reversed at the balance sheet date except for those which should not be recognised under FRS19, calculated at the enacted rates at which it is estimated that tax will be payable Deferred taxation assets are only recognised to the extent that it is more likely than not that they will be recovered

2. Turnover

The turnover of the company is attributable to one continuing activity – royalty income derived from the Fosters brand throughout the UK and Europe

Notes to the accounts (continued)

3 Net operating costs

	Year ended 31 December 2007	Period ended 31 December 2006
	£m	£m
Cost of sales	2 5	2 2
Staff costs	0 2	0 1
	2 7	2 3

Fees in respect of services provided by the auditors for non audit services were £nil (Period ended 31 December 2006 £nil) Fees in respect of services provided by the auditors for the statutory audit of the company were paid on the company's behalf by its ultimate parent company Scottish and Newcastle plc

4 Remuneration of Directors

No directors received emoluments from the company during the year ended 31 December 2007 (Period ended 31 December 2006 £nil)

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was 1 (Period ended 31 December 2006 – 1)

The aggregate payroll cost of this person was £0 23m which can be analysed as follows

	Year ended 31 December 2007 £m	Period ended 31 December 2006 £m
Wages and salaries	0 19	0 08
Social security	0 02	0 01
Pension costs	0 02	0 01
	0 23	0 10

Notes to the accounts (continued)

Scottish & Newcastle plc Group Pension

The Scottish & Newcastle plc Group funds a number of pension schemes which are administered through independent trusts The main Group schemes are defined benefit schemes and a full actuarial valuation of the main schemes was carried out at 31 October 2003 The actuarial valuation has been updated to 31 December 2007 by qualified independent actuaries The following information on the main Scottish & Newcastle plc Group pension schemes was disclosed in the Scottish & Newcastle plc Group accounts for the period to 31 December 2007

	At 31 December 2007	At 31 December 2006
Rate of increase in salaries	4 3%	4 1%
Rate of increase in pensions	3 1%	2 9%
Discount rate	5 9%	5 2%
Inflation rate	3 1%	2 9%

The expected rate of return and the value of the assets in the scheme were

	At 31 December 2007	At 31 December 2007 £m	At 31 December 2006	At 31 December 2006 £m
Equities	7 9%	1,071 6	7 8%	1,044 1
Bonds	4 6%	819 4	4 9%	803 2
Property	5 1%	84 0	5 1%	100 4
Other	5 9%	126 1	4 1%	60 2
Total market value of assets		2,101 1		2,007 9
Present value of scheme liabilities		(2,137 0)		(2,260 0)
Deficit in the scheme		(35 9)		(252 1)
Related deferred tax asset		10 1		75 6
Net pension liability		(25 8)		(176 5)

6. Interest payable and similar charges

	Year ended 31 December 2007 £m	Period ended 31 December 2006 £m
Interest payable to group undertakings	0 6	0 1

7. Taxation on loss on ordinary activities

		Year ended 31 December 2007 £m	Period ended 31 December 2006 £m
(i) Tax credit			
Corporation Tax	current year charge		
	prior year charge	(0 5)	
		(0 5)	
Deferred tax	origination and reversal of timing differences in the current period	3 8	2 8
	unutilised tax losses carried forward		(0 2)
	adjustment for rate change		
		3 3	2 6

	Year ended 31 December 2007 £m	Period ended 31 December 2006 £m
(ii) Tax reconciliation		
Profit on ordinary activities before taxation	12 4	8 6
Notional tax charge at UK corporation tax rate of 30%	3 7	2 6
Tax amortisation of intangible asset	(3 8)	(2 8)
Unutilised tax losses carried forward		0 2
Prior year charge	0 5	
Change in rate	(0 4)	
Current Tax		

The deferred tax liability relates to tax relief for Intangible Fixed Asset amortisation claimed under Paragraph 10, Schedule 29 Finance Act 2002

The Intangible Fixed Asset has not been amortised in the accounts giving rise to a timing difference and a deferred tax liability.

Notes to the accounts (continued)

8 Intangible assets

	Total £m
Cost	
At 1 January 2007	313 5
Additions	
At 31 December 2007	313 5
Amortisation	
At 1 January 2007	
Charged in period	
At 31 December 2007	
Net book value	
At 1 January 2007	313 5
At 31 December 2007	313 5

Intangible assets comprise the Fosters Brand

9 Debtors

	31 December 2007 £m	31 December 2006 £m
Trade debtors	4 3	4 7
Corporation tax debtor	0 3	
	4 6	4 7

10 Creditors: amounts falling due within one year

	31 December 2007 £m	31 December 2006 £m
Amounts due to Group undertakings	12 7	9 8
Deferred Tax	6 2	2 6
	18 9	12 4

11 Deferred tax

	31 December 2007 £m	31 December 2006 £m
Accelerated capital allowances		
Other timing differences	6 2	2 4
Losses		0 2
	6 2	2 6

12 Called up share capital

Authorised	Number of shares		Amount	
	31 December 2007 m	1 January 2007 m	31 December 2007 £m	1 January 2007 m
Ordinary shares of £1 each	400	400	400	400
	400	400	400	400

Allotted, called up & fully paid	Number of shares		*Amount*	
	31 December 2007 m	1 January 2007 m	31 December 2007 £m	1 January 2007 £m
Ordinary shares of £1 each	306 1	306 1	306 1	306 1
	306 1	306 1	306 1	306 1

Notes to the accounts (continued)

13 Reconciliation of movements in shareholders' funds

	Share Capital £m	Profit and Loss Account £m	Total £m
At 1 January 2007	306 1	6 0	312 1
Profit attributable to ordinary shareholders		9 1	9 1
At 31 December 2007	306 1	15 1	321 2

14 Contingent liabilities

At 31 December 2007 there were no contingent liabilities in respect of guarantees to third parties

15 Parent company

The ultimate parent undertaking at the balance sheet date, which was also the parent for the largest group of undertakings for which group accounts were drawn up and of which the company was a member, was Scottish & Newcastle plc, a company registered in Scotland Group accounts for this company may be obtained from the Company Secretary, Scottish & Newcastle plc, 28 St Andrew Square, Edinburgh, EH2 1AF

Subsequent to the balance sheet date, Scottish & Newcastle plc was acquired by Sunrise Acquisition Limited, a company incorporated in Jersey, which is jointly owned by Heineken N V and Carlsberg A/S