



The Virgin Stakeholder Pension Scheme

Interim Report and Financial Statements

16 December 2007 to 15 June 2008

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Manager's investment report

for the period 16 December 2007 to 15 June 2008 (unaudited)

Pension scheme

The Virgin Stakeholder Pension Scheme is an Authorised Unit Trust Scheme under the Financial Services and Markets Act 2000. It is categorised as an umbrella fund and comprises two feeder funds, being the Virgin Pension Growth Fund (Growth Fund) and the Virgin Pension Income Protector Fund (Income Protector Fund). These funds invest in Virgin authorised unit trusts, being the Virgin UK Index Tracking Trust and the Virgin Income Trust respectively. Both of these funds are categorised as securities funds under the Collective Investment Schemes Sourcebook.

Investment objectives and policy

The objective of the Virgin UK Index Tracking Trust is to closely match the performance of the FTSE All Share Index*, after taking charges into account. The policy for achieving this is to fully replicate the FTSE All Share Index, which comprises approximately 700 company shares. Stock index futures contracts may also be used to manage the cashflow of the Trust. It is intended that the Trust will normally be fully invested in either stocks or financial futures as outlined above, unless the index assumes otherwise. This policy has been followed throughout the period.

The investment objective of the Virgin Income Trust is to provide a level of income slightly above that which would be achieved by a fund invested solely in gilt edged securities. The Manager's policy is to invest in UK gilts and a range of sterling denominated fixed interest and other permitted investments.

Since 6 April 1999, the underlying unit trusts of the Virgin Stakeholder Pension Scheme, i.e. the Virgin UK Index Tracking Trust and the Virgin Income Trust, have adopted the Treasury's initiative on CAT standards. As a result of this, certain expenses of these trusts have been paid by the Manager, resulting in a reduction in the charges borne by investors. The benefit of this reduction in charges to investors reflects our continuing commitment to providing low cost products. The Treasury's initiative on CAT standards does not apply to pension schemes.

Total performance

The unit price of the Growth Fund fell by 7.47% over the period, compared to a fall of 9.05% in the FTSE All Share Index.

The interim accumulation for the period ended 15 June 2008 will be 2.1725p net per unit.

The unit price of the Income Protector Fund fell by 2.6% over the period.

The interim accumulation for the period ended 15 June 2008 will be 3.774p net per unit.

Economic background and stock market trends

Growth Fund

The FTSE All Share index fell 9.05% over the period 15 December 2007 to 15 June 2008.

Continued problems in credit markets, combined with high commodity prices and fears of inflation, caused investors to be pessimistic. Markets fell sharply in the new year, before recovering somewhat in late January and early February, before falling again in March. The market then recovered, giving up some of these gains towards the end of the period.

Leisure Goods was the worst performing sector, down 31.75% over the period on concerns over consumer demand. General Retailers, Real Estate and Banks also performed poorly, all down more than 35% on concerns over deteriorating credit markets, falling demand and rising inflation. Commodity stocks performed relatively well on the back of strong prices, with Oil Equipment Services up 46.6% and Mining and Chemicals stocks also doing well.

Small Cap stocks were the worst performing, as they are more exposed to economic turbulence, and were down 10.03%. FTSE 100 stocks were somewhat better, down 9.29%, but the midcap FTSE 250 stocks were the best performing, down only 7.31%.

Income Protector Fund

Gilts performed well over the first quarter on the back of investors' flight to higher quality assets and February's rate cut, which took interest rates to 5.25%. Corporate bonds continued to suffer from challenging liquidity conditions and continued pressure on dealers' balance sheets.

During the first quarter housing market data was downbeat and activity in the property sector appears to be facing stronger headwinds as well as tighter credit conditions stemming from the US sub-prime related crisis. The UK gilt yield curve recovered its "normal" shape during the period with long bonds yielding more than short-term bonds. In addition, the curve steepened significantly given the market's expectations of further rate cuts, despite short-term inflationary pressures.

As expected, the Bank of England's Monetary Policy Committee cut official rates by 25 basis points at its meeting in April, leaving rates at 5%. After Easter, the global bond market rally halted.

Manager's investment report

(continued)

for the period 16 December 2007 to 15 June 2008 (unaudited)

Non-gilts bonds outperformed Government bonds and the primary market saw a significant number of new issues to which investors reacted positively. Higher quality papers were introduced on the market in May and June. Secondary market liquidity remained tight, most notably in the Finance sector. And although the corporate bond market showed some return to normality towards the beginning of June, liquidity and market depth proved challenging over the period.



Jayne-Anne Gadhia

Chief Executive

Virgin Money Unit Trust Managers Limited

Fri 25 July 2008

* The FTSE All Share Index is compiled by the Financial Times Limited ["FT"]. However, they bear no responsibility for the construction, operation or performance of, nor do they endorse or promote, The Virgin UK Index Tracking Trust. The FT will not be liable [whether in negligence or otherwise] to any investor or any other person for any loss suffered as a result of investing in The Virgin UK Index Tracking Trust. "FTSE All Share Index" is a trademark and service mark of the Financial Times Limited.

Performance records

as at 15 June 2008 (unaudited)

The Virgin Stakeholder Pension Scheme was first offered on 1 November 1996. The initial offer price of both the Growth Fund and the Income Protector Fund was 100.00p per unit.

Unit price history

Calendar year	Growth Fund		Income Protector Fund	
	Highest Offer price	Lowest Bid price	Highest Offer price	Lowest Bid price
2003	128.23p	91.63p	168.29p	158.17p
2004	143.75p	125.19p	172.40p	159.54p
2005	173.34p	141.85p	183.50p	167.57p
2006	199.20p	171.24p	185.18p	176.81p
2007	217.40p	190.40p	186.60p	174.00p
2008*	207.80p	176.60p	187.50p	176.30p

* To 15 June 2008

General price information

Scheme year end	Growth Fund Offer price	Income Protector Fund Offer price
15 December 2003	125.41p	161.89p
15 December 2004	141.03p	172.33p
15 December 2005	169.40p	180.54p
15 December 2006	199.20p	181.30p
15 December 2007	204.90p	181.00p
15 June 2008	189.60p	176.30p

Income record

The record of net accumulations paid per unit and per £1,000 invested on 2 January 2003 is shown below:

Calendar year	Growth Fund		Income Protector Fund	
	per unit	per £1,000	per unit	per £1,000
2003	2.7927p	£25.47	7.3308p	£45.99
2004	2.9978p	£27.34	7.7483p	£48.61
2005	3.4366p	£31.34	8.0918p	£50.77
2006	4.1230p	£37.60	8.2947p	£52.04
2007	4.2384p	£38.66	8.0211p	£50.32
2008*	2.1725p	£19.81	3.7740p	£23.68

* To 15 June 2008

Net asset value

	Growth Fund		Income Protector Fund			
	Net asset value £	Units in issue	Net asset value per unit	Net asset value £	Units in issue	Net asset value per unit
15 December 2005	434,413,042	257,622,699	168.62p	73,158,772	40,559,955	180.37p
15 December 2006	541,125,220	271,704,529	199.16p	83,874,954	46,145,852	181.76p
15 December 2007	575,093,746	280,726,027	204.86p	95,685,207	52,869,946	180.98p
15 June 2008	548,180,006	289,109,624	189.61p	98,658,487	55,972,684	176.26p

Statements of total return

for the period 16 December 2007 to 15 June 2008 (unaudited)

	Notes	Growth Fund		Income Protector Fund	
		15/06/2008 £'000	15/06/2007 £'000	15/06/2008 £'000	15/06/2007 £'000
Net gains/(losses) on investments	2	(49,320)	43,182	(4,817)	(5,358)
Income	3	6,157	4,920	2,084	1,936
Finance costs: Interest	5	-	-	-	-
Total return before accumulations		(43,163)	48,102	(2,733)	(3,422)
Finance costs: Accumulations	5	(6,157)	(4,920)	(2,084)	(1,936)
Change in net assets attributable to unitholders		(49,320)	43,182	(4,817)	(5,358)

Statements of change in unitholders' net assets

for the period 16 December 2007 to 15 June 2008 (unaudited)

	Growth Fund		Income Protector Fund	
	15/06/2008 £'000	15/06/2007 £'000	15/06/2008 £'000	15/06/2007 £'000
Net assets at the start of the period	575,094	541,125	95,685	83,875
Movement due to creation and cancellation of units:				
Amounts receivable on creation of units	24,296	20,309	11,407	14,845
Less: Amounts payable on cancellation of units	(8,171)	(9,085)	(5,729)	(6,508)
	16,125	11,224	5,678	8,337
Change in net assets attributable to unitholders (see above)	(49,320)	43,182	(4,817)	(5,358)
Income retained on accumulation units	6,281	4,963	2,112	1,990
Net assets at the end of the period	548,180	600,494	98,658	88,844

Comparative information is provided for the Statement of Change in Shareholders' Net Assets. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

Balance sheets

as at 15 June 2008 (unaudited)

	Notes	Growth Fund		Income Protector Fund	
		15/06/08 £'000	15/12/07 £'000	15/06/08 £'000	15/12/07 £'000
Assets					
Portfolio of investments		548,180	575,094	98,655	95,682
Debtors	6	13	158	6	37
Cash and bank balances		-	-	3	3
Total other assets		13	158	9	40
Total assets		548,193	575,252	98,664	95,722
Liabilities					
Creditors	7	(13)	(158)	(6)	(37)
Total liabilities		(13)	(158)	(6)	(37)
Net assets attributable to unitholders		548,180	575,094	98,658	95,685

Notes to the Financial Statements are on pages 6 to 8.

Portfolio statements

as at 15 June 2008 (unaudited)

	Holdings	Market Value £'000	% of Net Assets
Growth Fund			
Holding in Virgin UK Index Tracking Trust (100.00%)	276,161,035	548,180	100.00
Portfolio of investments		548,180	100.00
Net other assets		-	-
Net assets		548,180	100.00

	Holdings	Market Value £'000	% of Net Assets
Income Protector Fund			
Holding in Virgin Income Trust (100.00%)	97,485,112	98,655	100.00
Portfolio of investments		98,655	100.00
Net other assets		3	-
Net assets		98,658	100.00

* Comparative figures shown in brackets relate to 15 December 2007

Summaries of portfolio changes

for the period 16 December 2007 to 15 June 2008 (unaudited)

Growth Fund	Cost £'000	Sales	Proceeds £'000
Purchases			
Virgin UK Index Tracking Trust	<u>30,713</u>	Virgin UK Index Tracking Trust	<u>8,217</u>

Income Protector Fund	Cost £'000	Sales	Proceeds £'000
Purchases			
Virgin Income Trust	<u>13,637</u>	Virgin Income Trust	<u>5,775</u>

Notes to the financial statements

for the period 16 December 2007 to 15 June 2008 (unaudited)

1. Accounting policies

(a) Basis of accounting

The Financial Statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Managers Association (IMA) in December 2005.

(b) Income recognition

Distributions receivable from the underlying unit trusts are credited to income, net of attributable tax credits, when the underlying unit trust is quoted ex-dividend. Interest and income earned on other securities are recognised on an accruals basis.

Accumulation of income relating to accumulation units or shares held in underlying funds is recognised as income and included in the amount available for distribution.

If any income receivable at the balance sheet date is not expected to be received for a significant period after the accounting year end, a provision reflecting the timing of the receipt for the relevant amount will be made.

Income received from investments may contain equalisation which is included within income and forms part of the amount available for accumulation.

The Scheme will accumulate any net dividend income two months after the accounting period end.

(c) Treatment of expenses

Since 6 April 1999, all expenses of the Scheme have been borne by the Manager.

(d) Basis of valuation of investments

Investments have been valued using the bid of their creation and cancellation prices as at 17:00 on 13 June 2008.

(e) Taxation

Pension funds are unable to reclaim tax suffered on investment income. This means that tax on the income received by the Virgin Pension Growth Fund is irrecoverable.

Notes to the financial statements

(continued)

for the period 16 December 2007 to 15 June 2008 (unaudited)

2. Net gains/(losses) on investments

The net gains/(losses) on investments during the period comprise:

	Growth Fund		Income Protector Fund	
	15/06/08	15/06/07	15/06/08	15/06/07
	£'000	£'000	£'000	£'000
Non-derivative securities	(49,320)	43,182	(4,817)	(5,358)

3. Income

	Growth Fund		Income Protector Fund	
	15/06/08	15/06/07	15/06/08	15/06/07
	£'000	£'000	£'000	£'000
Distributions from unit trusts	6,157	4,899	2,084	1,936
Bank interest	-	21	-	-
Total income	6,157	4,920	2,084	1,936

4. Expenses

During the period, all expenses of the Virgin Stakeholder Pension Scheme have been borne by the Manager.

5. Finance costs

Accumulations and interest

The accumulations take account of income received on the creation of units and income deducted on the cancellation of units and comprises:

	Growth Fund		Income Protector Fund	
	15/06/08	15/06/07	15/06/08	15/06/07
	£'000	£'000	£'000	£'000
Interim	6,281	4,963	2,112	1,990
Add: Income deducted on cancellation of units	46	34	47	61
Deduct: Income received on creation of units	(170)	(77)	(75)	(115)
Net accumulations for the period	6,157	4,920	2,084	1,936
Interest	-	-	-	-
Total finance costs	6,157	4,920	2,084	1,936

Details of the accumulations per unit are set out in the accumulation tables on page 9.

6. Debtors

	Growth Fund		Income Protector Fund	
	15/06/08	15/12/07	15/06/08	15/12/07
	£'000	£'000	£'000	£'000
Sales awaiting settlement	13	-	-	37
Amounts receivable for creation of units	-	158	6	-
Total debtors	13	158	6	37

7. Creditors

	Growth Fund		Income Protector Fund	
	15/06/08	15/12/07	15/06/08	15/12/07
	£'000	£'000	£'000	£'000
Purchases awaiting settlement	-	158	6	-
Amounts payable for cancellation of units	13	-	-	37
Total creditors	13	158	6	37

8. Related parties

The details of units created and cancelled by Virgin Money Unit Trust Managers Limited are shown in the Statements of change in unitholders' net assets. The balance due to Virgin Money Unit Trust Managers Limited at the period end in respect of these transactions was £nil (15/12/07: £nil).

	Growth Fund		Income Protector Fund	
	15/06/08	15/12/07	15/06/08	15/12/07
	£'000	£'000	£'000	£'000
Sales awaiting settlement	13	-	-	37
Amounts receivable for creation of units	-	158	6	-
	13	158	6	37
Purchases awaiting settlement	-	158	6	-
Amounts payable for cancellation of units	13	-	-	37
	13	158	6	37

Notes to the financial statements

(continued)

for the period 16 December 2007 to 15 June 2008 (unaudited)

9. Financial instruments

The Scheme's Financial Instruments comprise authorised unit trusts, cash balances and debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for cancellations, and debtors for accrued income.

The Scheme has limited exposure to credit or cashflow risk. There are no borrowings or unlisted securities and therefore exposure to liquidity risk is minimal. The main risks the Scheme faces are interest rate and market price risk, being the risk that the value of investment holdings in the underlying unit trusts will fluctuate as a result of changes in market prices caused by factors other than interest rate or currency movement.

These risks are monitored by the Manager in pursuance of the investment objective and policy as set out on page 1. Adherence to investment guidelines and to investment and borrowing powers set out in the Trust Deed, the Prospectus and in the Collective Investment Schemes Sourcebook of the Financial Services Authority mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Manager's Investment Report and Portfolio Statement.

(a) Interest rate risk profile of financial assets and liabilities

The interest rate risk profile of the company's financial assets and liabilities at 15 June 2008 was:

	Growth Fund		Income Protector Fund	
	15/06/08 £'000	15/12/07 £'000	15/06/08 £'000	15/12/07 £'000
Cash at bank (Sterling)				
Floating Rate financial assets	-	-	3	3
Financial assets not carrying interest	548,193	575,252	98,661	95,719
Financial liabilities not carrying interest	(13)	(158)	(6)	(37)
Total assets	548,180	575,094	98,658	95,685

(b) Fair value of financial assets and liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value.

Accumulation tables

for the period 16 December 2007 to 15 June 2008 (unaudited)

Accumulation in pence per unit

Group 1	Interim accumulation units purchased prior to 16 December 2007
Group 2	Interim accumulation units purchased between 16 December 2007 and 15 June 2008 inclusive

Growth Fund

	Net income (p)	Equalisation* (p)	Accumulation paid/payable 15/08/08 (p)	Accumulation paid to 15/08/07 (p)
Group 1				
Interim accumulation	2.1725	-	2.1725	1.7900
Group 2	(p)	(p)	(p)	(p)
Interim accumulation	0.8160	1.3565	2.1725	1.7900

Income Protector Fund

	Net income (p)	Equalisation* (p)	Accumulation paid/payable 15/08/08 (p)	Accumulation paid to 15/08/07 (p)
Group 1				
Interim accumulation	3.7740	-	3.7740	3.9150
Group 2	(p)	(p)	(p)	(p)
Interim accumulation	2.5772	1.1968	3.7740	3.9150

*Equalisation applies to units purchased during the distribution period (Group 2 units). Equalisation is the average amount of income included in the purchase price of all Group 2 units and is refundable to holders of these units as a return of capital.

Directors' statement

We approve the Report and Financial Statements of the Virgin Stakeholder Pension Scheme for the period ending 15 June 2008 on behalf of Virgin Money Unit Trust Managers Limited in accordance with the requirements of the Collective Investment Schemes Sourcebook.



Jayne-Anne Gadhia
Chief Executive



David Dyer
Chief Financial Officer
Fri 25 July 2008

Management and professional services

Manager and registrar

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