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Punch Taverns (PGE) Limited
Report and Financial Statements
18 August 2007

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COMPANIES HOUSE

Punch Taverns (PGE) Limited
Period ended 18 August 2007

Registered No 3982441

DIRECTORS

D Kemp
R McDonald (resigned 17 October 2007)
P Dutton (appointed 17 October 2007)
N Preston
G Thorley

SECRETARY

C Stewart

AUDITORS

Ernst & Young LLP
No 1 Colmore Square
Birmingham
B4 6HQ

BANKERS

Barclays Bank plc
15 Colmore Row
Birmingham
B3 2EP

SOLICITORS

Slaughter & May
One Bunhill Row
London
EC1Y 8YY

REGISTERED OFFICE

Jubilee House
Second Avenue
Burton upon Trent
Staffordshire
DE14 2WF

Punch Taverns (PGE) Limited

Period ended 18 August 2007

DIRECTORS' REPORT

The directors present their report and financial statements for the 52 week period ended 18 August 2007

RESULTS AND DIVIDENDS

The profit for the financial period amounted to £16,178,000 (2006 as restated loss of £14,846,000) The directors do not propose the payment of a dividend (2006 £nil)

On 14th September 2006, one of the company's subsidiaries completed the acquisition of Broomco (3708) Limited for a consideration of £164,000,000 Also during the period, the company was impacted by a group refinancing As a result, the company acquired Spint Group Finco Limited from another group company for consideration of £747,297,000

PRINCIPAL ACTIVITY

The principal activity of the company is as a holding company

DIRECTORS

The directors of the company who served during the period are listed on page 1

The Company has granted a third party indemnity provision (as defined in section 309B(1) of the Companies Act 1985) for the benefit of its directors and directors of its associated companies

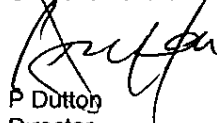
AUDIT INFORMATION

The directors confirm that, so far as they are aware, there is no relevant audit information of which the auditors are unaware and that each director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

AUDITORS

The company has elected to dispense with the obligation to appoint auditors annually under section 386 of the Companies Act 1985

On behalf of the board



P Dutton
Director
18 June 2008

Punch Taverns (PGE) Limited

Period ended 18 August 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The financial statements are required by law to 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 those 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 UK 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 to 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.

Punch Taverns (PGE) Limited
Period ended 18 August 2007

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PUNCH TAVERNS (PGE) LIMITED

We have audited the company's financial statements for the period ended 18 August 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 16. 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 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 18 August 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

Ernst & Young LLP
Registered Auditor
Birmingham

18 June 2008

Punch Taverns (PGE) Limited
Period ended 18 August 2007

PROFIT & LOSS ACCOUNT

for the 52 week period ended 18 August 2007

	<i>Notes</i>	52 week period ended 18 August 2007 £000	52 week period ended 19 August 2006 <i>as restated</i> £000
Administrative expenses	3	(6,680)	(4,210)
OPERATING LOSS	2	(6,680)	(4,210)
Income from shares in group undertakings		44,400	-
Loss from sale of investment in subsidiary undertaking		(112)	(148)
Interest receivable	5	63,586	110,236
Interest payable and similar charges	6	(98,867)	(125,219)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAX		2,327	(19,341)
Tax on profit / (loss) on ordinary activities	7	13,851	4,495
PROFIT / (LOSS) FOR THE PERIOD	13	16,178	(14,846)

The profit and loss account relates to continuing activities

Punch Taverns (PGE) Limited
Period ended 18 August 2007

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the 52 week period ended 18 August 2007

	52 week period ended 18 August 2007 £000	52 week period ended 19 August 2006 <i>as restated</i> £000
Profit on ordinary activities after taxation	16,178	(14,846)
Total recognised gains / (losses) in the period	<u>16,178</u>	<u>(14,846)</u>
Prior period adjustment (as explained in note 1)	(2,947)	
Total gains and losses recognised since last financial statements	<u>13,231</u>	
Effects of changes in accounting policy		
Net loss on recognition of derivative financial instruments at fair value on first time adoption of FRS26	<u>(1,153)</u>	<u>-</u>

Punch Taverns (PGE) Limited
Period ended 18 August 2007

BALANCE SHEET
as at 18 August 2007

	<i>Notes</i>	18 August 2007 £000	19 August 2006 as restated £000
FIXED ASSETS			
Investments	8	4,827,103	3,943,200
CURRENT ASSETS			
Debtors amounts falling due in less than one year	9	69,404	53,363
Debtors amounts falling due after more than one year	9	723,793	1,595,457
Cash at bank and in hand		92	2,871
		<u>793,289</u>	<u>1,651,891</u>
CREDITORS amounts falling due in less than one year	10	(547,149)	(540,345)
NET CURRENT ASSETS		<u>246,140</u>	<u>1,111,346</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,073,243</u>	<u>5,054,546</u>
CREDITORS amounts falling due after more than one year	11	(1,878,742)	(1,877,084)
NET ASSETS		<u>3,194,501</u>	<u>3,177,462</u>
CAPITAL AND RESERVES			
Called up share capital	12	62,599	62,599
Share premium	13	3,236,119	3,236,119
Capital reserve	13	6,224	4,210
Profit and loss account	13	(110,441)	(125,466)
SHAREHOLDERS' FUNDS	13	<u>3,194,501</u>	<u>3,177,462</u>



P Dutton
Director
18 June 2008

Punch Taverns (PGE) Limited

Period ended 18 August 2007

NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 18 August 2007

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

In accordance with FRS 18 the directors have continued to review the accounting policies

Changes in accounting policies

The company has adopted FRS 20 'Share-based payments' during the period. The impact has been reflected as a prior period adjustment in accordance with FRS 3 and comparative figures have been restated accordingly. The prior period adjustment amounts to £2,947,000. Since the company is an intermediary company between the employing company and the share issuing company, the adoption of FRS 20 has led to the company increasing its investment in a subsidiary company by way of capital contribution.

During the period, the company has adopted FRS26 'Financial Instruments Measurement'. This has had the impact on adoption of increasing reducing net assets by £1,153,000 for the elimination of swap balances recognised under previous UK GAAP.

Fundamental accounting concept – going concern

The company's current liabilities exceed its current assets. However, the ultimate parent has undertaken to support the company for a period of at least one year following the date of approval of these financial statements and not recall group debt until all other liabilities have been settled and the company has funds to repay. For this reason, the financial statements have been prepared on a going concern basis.

Group financial statements

The company is exempt, under s228 of the Companies Act 1985, from the obligation to prepare consolidated financial statements as the company is a wholly owned subsidiary undertaking of a parent company incorporated in the EU, which prepares consolidated financial statements. As such, these financial statements present information about the company as an individual undertaking and not about its group.

Fixed assets investments

Investments are stated at cost, less provisions for impairment in value.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

2 PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAX

Auditor's remuneration is paid by another company within the Punch Taverns group in the current and preceding periods.

3. EXCEPTIONAL ITEMS

	52 week period ended 18 August 2007 £000	52 week period ended 19 August 2006 £000
Included within administrative expenses		
Reorganisation costs	2,782	-
Included within interest payable		
Termination of financing arrangements	915	-
	<u>3,697</u>	<u>-</u>

4. DIRECTORS' EMOLUMENTS AND STAFF COSTS

The directors received no emoluments from the company in the current or preceding period. The company had no employees during the current or preceding periods.

Punch Taverns (PGE) Limited
Period ended 18 August 2007

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 18 August 2007

5 INTEREST RECEIVABLE

	52 week period ended 18 August 2007 £000	52 week period ended 19 August 2006 £000
Bank interest receivable	768	1,748
Amounts received from group undertakings	62,818	108,488
	<u>63,586</u>	<u>110,236</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	52 week period ended 18 August 2007 £000	52 week period ended 19 August 2006 £000
Cost of terminating financing arrangements	915	-
Amounts payable to parent undertaking	95	440
Amounts payable to group undertakings	97,857	124,779
	<u>98,867</u>	<u>125,219</u>

7 TAXATION

	52 week period ended 18 August 2007 £000	52 week period ended 19 August 2006 £000
The credit for tax on the profit / (loss) for the period comprises		
UK corporation tax		
- group relief surrendered	(13,851)	(4,495)
	<u>(13,851)</u>	<u>(4,495)</u>

Reconciliation of tax credit

	52 week period ended 18 August 2007 £000	52 week period ended 19 August 2006 as restated £000
Profit / (loss) on ordinary activities before taxation	<u>2,327</u>	<u>(19,341)</u>
Profit / (loss) on ordinary activities at standard rate of corporation tax in the UK (30%)	698	(5,802)
<i>Effects of</i>		
Tax effect of restated profit and loss account	(1,263)	1,263
Non-taxable dividends receivable	(13,320)	-
Loss on disposal of fixed assets	34	44
Current tax credit for period	<u>(13,851)</u>	<u>(4,495)</u>

Punch Taverns (PGE) Limited

Period ended 18 August 2007

NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 18 August 2007

8 FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings £000
Cost and net book value	
At 19 August 2006 as previously reported	3,938,990
Prior period adjustment (as explained in note 1)	4,210
At 19 August 2006 as restated	3,943,200
Investment in Spint Group Finco Limited	747,297
Investment in joint venture	36,513
Investment in Punch Taverns (Reserve Co) Limited	98,079
Investment in Punch Taverns Group Limited	2,014
At 18 August 2007	<u>4,827,103</u>

During the period, the company subscribed for shares to the value of £747,297,000 in another company in the Punch Taverns Group, Spint Group Finco Limited, as part of a group reorganisation

On 17 April 2007, the company completed the acquisition of fifty percent of the entire issued share capital of Matthew Clark (Holdings) Limited (formerly Dubwath Limited), the holding company of the Matthew Clark group of companies. Under the terms of the arrangement, the company and Constellation Europe each hold a fifty percent ownership in Matthew Clark. The consideration for the acquisition was £35,000,000 in cash from existing resources. Costs of £1,513,000 were incurred in the acquisition.

During the period, the company increased its investments in its immediate subsidiary undertaking, Punch Taverns (Reserve Co) Limited, by £98,079,000 by way of capital contribution.

During the period, the company increased its investments in its immediate subsidiary undertaking, Punch Taverns Group Limited, by £2,014,000 by way of capital contribution.

Details of the principal subsidiary undertakings and joint ventures are as follows:

Subsidiary undertaking	Principal activity
Held directly	
Punch Taverns (PGRP) Limited	Pub operating company
Punch Taverns (PPCS) Limited	Intermediate supply company
Punch Taverns (Reserve Co) Limited	Intermediate holding company
Spint Group Finco Limited	Financing company
Held indirectly:	
Punch Taverns (PTL) Limited	Pub operating company
Punch Taverns (Branstons) Limited	Pub operating company
Punch Taverns (PML) Limited	Pub operating company
Punch Taverns (Pubs) Limited	Pub operating company
Spint Managed Pubs Limited	Pub operating company
Spint Managed Trent Limited	Pub operating company
Spint (Faith) Limited	Pub operating company
Punch Taverns Finance plc	Financing company
Punch Taverns Barton Loan Company Limited	Financing company
Punch Taverns Finance B Limited	Financing company
Punch Taverns (Redwood Jerseyco) Limited	Financing company
Punch Taverns (Offices) Limited	Property company
Spint Supply Company Limited	Intermediate supply company
Spint Group Limited	Management and administration company
InnSpired Company Limited	Management and administration company
Spint Group Holdings Limited	Intermediate holding company
InnSpired Group Limited	Intermediate holding company
Broomco (3708) Limited	Intermediate holding company
Spint Group Retail Limited	Holding company
Joint venture:	
Matthew Clark (Holdings) Limited	Intermediate holding company of Matthew Clark

Punch Taverns (PGE) Limited
Period ended 18 August 2007

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 18 August 2007

8 INVESTMENTS (continued)

The company owns 100% of the ordinary share capital and controls 100% of the voting rights of the companies listed on the previous page, with the exception of Matthew Clark (Holdings) Limited, of which the company owns 50% of the ordinary share capital, and exercises joint control

All companies are incorporated in England and Wales other than Punch Taverns Finance B Limited, which is incorporated in the Cayman Islands, and Punch Taverns (Redwood Jerseyco) Limited, which is incorporated in Jersey

Exemption has been taken to exclude non-trading subsidiaries from the above disclosure, as their results or financial position do not principally affect the financial statements

9 DEBTORS amounts falling due in less than one year

	2007	2006 <i>as restated</i>
	£000	£000
Amounts due from group undertakings	69,277	52,891
Other debtors	127	32
Prepayments	-	440
	<u>69,404</u>	<u>53,363</u>

DEBTORS amounts falling due after more than one year

	2007	2006
	£000	£000
Amounts due from group undertakings	<u>723,793</u>	<u>1,595,457</u>

Included within the amounts due from group undertakings are subordinated loans of £467,866,000 (2006 £539,925,000), these accrue interest at 11% per annum, which is capitalised quarterly in arrears

10 CREDITORS amounts falling due in less than one year

	2007	2006 <i>as restated</i>
	£000	£000
Amounts due to group undertakings	546,311	539,231
Other creditors	52	1,114
Accruals and deferred income	786	-
	<u>547,149</u>	<u>540,345</u>

Included within amounts due to group undertakings are loans of £531,522,000 Details of these loans can be found in note 11

Punch Taverns (PGE) Limited
Period ended 18 August 2007

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 18 August 2007

11 CREDITORS amounts falling due after more than one year

	2007 £000	2006 £000
Amounts due to group undertakings	<u>1,878,742</u>	<u>1,877,084</u>

The amounts due to group undertakings include a subordinated loan of £87,009,000 (2006 £80,509,000) which bears interest at LIBOR plus 2.5% and a subordinated loan of £14,761,000 (2006 £23,193,000) which bears interest at LIBOR plus 2.75%

The amounts due to group undertakings include a debenture issued by the company. The maturity and details of the debenture are given below:

Tranche	2007 £000	2006 £000	Repayment Date	Interest Rate
<i>Due within one year</i>				
Tranche C - loan	472,022	-	Repayable on demand	Nil
Tranche C - loan notes	-	408,612	5 October 2006	15% p.a.
Other Tranches - loan	59,500	-	Repayable on demand	Nil
Other Tranches - loan notes	-	59,500	5 October 2006	Nil
<i>Due between two and five years:</i>				
Tranche A	92,123	82,015	30 September 2009	12% p.a.
Other Tranches	66,909	66,909	Various between 2-5 years	Nil
	<u>690,554</u>	<u>617,036</u>		

The Tranche C and Tranche F loan notes became repayable on 5 October 2006, at which point they were held-over and remained outstanding on intercompany. Subsequent to the year end, on 17 October 2007, new non-interest bearing loans with Punch Taverns plc were taken out in order to redeem the loan notes in full.

The debenture has been secured by way of fixed and floating charge over various assets of companies within the Punch Taverns Group.

12 SHARE CAPITAL

	2007 No	2007 £000	2006 No	2006 £000
<i>Authorised</i>				
Deferred shares of £0.05	1,999,999,999	100,000	1,999,999,999	100,000
Special dividend shares of £0.05	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
	2007 No	2007 £000	2006 No	2006 £000
<i>Allotted, called up and fully paid</i>				
Deferred shares of £0.05	1,251,983,344	62,599	1,251,983,344	62,599
Special dividend shares of £0.05	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

The special dividend share confers the right to receive a special dividend or dividends of an amount not exceeding £108m, in aggregate in priority to any other distribution of income or capital by the company on a date or dates to be determined by the directors, but no other right to income, capital or voting, save that if all the other shares in the capital of the company are deferred shares, the special dividend share shall carry one vote.

The deferred shares do not carry any right to participate in the profits of the company or to receive notice of or attend, speak or vote at general meetings, and carry a right to a return of capital on a winding-up after payments have been made to holders of the special dividend share.

Punch Taverns (PGE) Limited
Period ended 18 August 2007

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 18 August 2007

13 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share Capital £000	Share Premium £000	Capital Reserve £000	Profit & Loss Account £000	Total Share- holders' Funds £000
At 20 August 2005	62,599	3,236,119	-	(110,620)	3,188,098
Loss for the period	-	-	-	(11,899)	(11,899)
At 19 August 2006 as previously reported	62,599	3,236,119	-	(122,519)	3,176,199
Prior period adjustment (as explained in note 1)	-	-	4,210	(2,947)	1,263
At 19 August 2006 as restated	62,599	3,236,119	4,210	(125,466)	3,177,462
Effect of implementing FRS26	-	-	-	(1,153)	(1,153)
At 20 August 2006	62,599	3,236,119	4,210	(126,619)	3,176,309
Profit for the period	-	-	-	16,178	16,178
Capital contribution received	-	-	2,014	-	2,014
At 18 August 2007	62,599	3,236,119	6,224	(110,441)	3,194,501

14 CASH FLOW STATEMENT

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent company (Punch Taverns plc) publishes consolidated financial statements

15 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption in paragraph 3(c) of FRS 8 from disclosing transactions with related parties that are part of the Punch Taverns plc group or investees of the group

16 ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking and controlling party is Punch Taverns plc, a company registered in England & Wales

The parent undertaking of the only group of undertakings for which group financial statements are drawn up and of which the company is a member is Punch Taverns plc

Copies of the financial statements of Punch Taverns plc are available from Jubilee House, Second Avenue, Burton upon Trent, Staffordshire, DE14 2WF