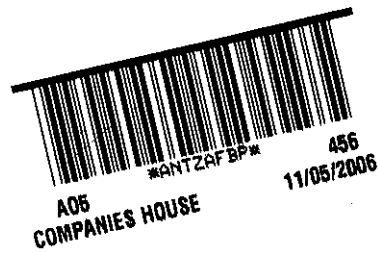


Company Registration No. 4914762 (England and Wales)

SPIRIT INTERMEDIATE HOLDINGS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 20 AUGUST 2005



SPIRIT INTERMEDIATE HOLDINGS LIMITED

COMPANY INFORMATION

Directors	R McDonald	(Appointed 5 January 2006)
	N Preston	(Appointed 5 January 2006)
	G Thorley	(Appointed 5 January 2006)
Secretary	S Rudd	(Appointed 31 March 2006)
	D Walmsley	(Resigned 31 March 2006)
Company number	4914762	
Registered office	107 Station Street Burton on Trent Staffordshire DE14 1BZ	
Auditors	Ernst & Young LLP No. One Colmore Square Birmingham B4 6HQ	
Bankers	Barclays Bank plc 15 Colmore Row Birmingham B3 2EP	
Solicitors	Slaughter and May One Bunhill Row London EC1Y 8YY	

SPIRIT INTERMEDIATE HOLDINGS LIMITED

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SPIRIT INTERMEDIATE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 20 AUGUST 2005

The directors present their report and financial statements for the 52 week period ended 20 August 2005.

Principal activities and review of the business

The principal activity of the company is that of a holding company.

On 25 November 2004, the Spirit Group Holdings Limited group of companies completed an intra-group reorganisation and £2.2 billion refinancing. To effect the refinancing, new financing arrangements were entered into comprising the issue of £1.25 billion Floating and Fixed/Floating Secured Debenture Bonds by Spirit Issuer plc, secured against a portfolio of 1,080 freehold and long leasehold pubs in the Spirit Group estate and secured bank loans of £950 million drawn into elsewhere within the Spirit Group, secured against a portfolio of 951 freehold, long and short leasehold pubs. The balance outstanding on the bank debt was repaid on 25 November 2004 and the Floating Rate Secured Notes issued in April 2002 and August 2003 pursuant to the Spirit Funding securitisation were called on 26 November 2004 and redeemed at par on 29 December 2004.

In connection with the intra-group reorganisation and refinancing, on 17 January 2005 the company made a partial redemption (including accrued interest) of the unsecured guaranteed loan notes 2013 amounting to £547.8 million.

Results and dividends

The results for the period are set out on page 6.

The company made a profit after tax of £39,238,000 during the period (47 week period ended 21 August 2004 loss after tax of £91,898,000). The directors do not propose the payment of a dividend.

Future developments

There have been no significant future developments, other than those mentioned in the post balance sheet events as described below.

Post balance sheet events

On 5 January 2006 100% of the ordinary share capital of Spirit Group Holdings Limited, company's ultimate controlling party, was acquired by Punch Taverns (Redwood Bidco) Limited a wholly owned subsidiary of Punch Taverns plc. As a result of this transaction the new ultimate parent is Punch Taverns plc.

In connection with this transaction, the balance of the unsecured guaranteed loan notes (including accrued interest) was redeemed on 5 January 2006.

On 28 February 2006 various companies within the group undertook a s151 financial assistance ("Whitewash"). As part of this transaction, Spirit Intermediate Holdings Limited received £150 million in cash in exchange for the allotment and issue of 15,000,000,000,000 ordinary shares of £0.00001 each to Spirit Group Holdings Limited. Spirit Intermediate Holdings Limited then subscribed for shares in its immediate subsidiary, Spirit Group Parent Limited to the value of £150 million.

SPIRIT INTERMEDIATE HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 20 AUGUST 2005

Directors

The following directors have held office since 22 August 2004:

S Peel	(Resigned 5 January 2006)
K Jones	(Resigned 5 January 2006)
C Riklin	(Resigned 10 January 2005)
B Smith	(Resigned 5 January 2006)
R McDonald	(Appointed 5 January 2006)
N Preston	(Appointed 5 January 2006)
G Thorley	(Appointed 5 January 2006)

Directors' interests

None of the directors in service at the period end had any declarable interest in the shares of the company. There are no other directors' interest requiring disclosure under the Companies Act 1985.

K Jones, S Peel and B Smith were also directors of the ultimate parent undertaking, Spirit Group Holdings Limited at the period end. Any interests of these directors are disclosed in the Spirit Group Holdings Limited financial statements for the period ended 20 August 2005.

Political and charitable donations

The company made no political or charitable donations in the current or previous period.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Ernst & Young LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

SPIRIT INTERMEDIATE HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 20 AUGUST 2005

Directors' responsibilities

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 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 which 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.

Qualifying 3rd party indemnity provisions

The company has indemnified one or more directors of the company in respect of proceedings brought by third parties subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision was in force during the period and is in force as at the date of approving the directors' report.

On behalf of the board



R McDonald

Director

5 May 2006

SPIRIT INTERMEDIATE HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPIRIT INTERMEDIATE HOLDINGS LIMITED

We have audited the financial statements of Spirit Intermediate Holdings Limited for the period ended 20 August 2005, which comprise Profit and Loss Account, Balance Sheet and related notes 1 to 17. 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 auditor's 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 the 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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 United Kingdom Auditing Standards 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.

SPIRIT INTERMEDIATE HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF SPIRIT INTERMEDIATE HOLDINGS LIMITED

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company as at 20 August 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young LLP

5 May 2006

Registered Auditor

No. One Colmore Square
Birmingham
B4 6HQ

SPIRIT INTERMEDIATE HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 20 AUGUST 2005

		52 Week Period ended 20 August 2005 £000's	47 Week Period ended 21 August 2004 £000's
	Notes		
Administrative expenses		(144)	-
Operating loss	2	(144)	-
Investment income	3	116,379	-
Other interest receivable and similar income	3	1,617	-
Interest payable and similar charges	4	(98,202)	(111,073)
Profit/(loss) on ordinary activities before taxation		19,650	(111,073)
Tax on profit/(loss) on ordinary activities	5	19,588	19,175
Profit/(loss) on ordinary activities after taxation	12	39,238	(91,898)

There are no recognised gains and losses other than those passing through the profit and loss account.

SPIRIT INTERMEDIATE HOLDINGS LIMITED

BALANCE SHEET **AS AT 20 AUGUST 2005**

		2005		2004	
	Notes	£000's	£000's	£000's	£000's
Fixed assets					
Investments	6		214,167		612,273
Current assets					
Debtors: amounts falling due within one year	7	12,926		19,174	
Debtors: amounts falling due after more than one year	7	11,534		3,200	
Cash at bank and in hand		10,505		27,489	
		<u>34,965</u>		<u>49,863</u>	
Creditors: amounts falling due within one year	8	<u>(272,295)</u>		<u>(498,348)</u>	
Net current liabilities			<u>(237,330)</u>		<u>(448,485)</u>
Total assets less current liabilities			<u>(23,163)</u>		<u>163,788</u>
Creditors: amounts falling due after more than one year	9		<u>(29,496)</u>		<u>(255,685)</u>
			<u>(52,659)</u>		<u>(91,897)</u>
Capital and reserves					
Called up share capital	11		-		-
Other reserves	12		1		1
Profit and loss account	12		<u>(52,660)</u>		<u>(91,898)</u>
Shareholders' deficit - equity interests	13		<u>(52,659)</u>		<u>(91,897)</u>

The financial statements were approved by the Board on 5 May 2006



R McDonald
Director

SPIRIT INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 20 AUGUST 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has reported a profit in the period of £39,238,000 (2004 loss: £91,898,000). At 20 August 2005, the company had net liabilities of £52,659,000. The financial statements have been prepared on a going concern basis, which assumes that the company will continue in existence for the foreseeable future. As Punch Taverns (PGE) Limited, a wholly owned subsidiary of Punch Taverns plc, on the instructions of Punch Taverns plc, has pledged its financial support to the Spirit Group as required to meet the obligations in respect of external creditors as they fall due, the directors' view is that it is appropriate to prepare these financial statements on the going concern basis.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards, which have been applied consistently.

1.3 Investments

Fixed asset investments are stated at cost, less provision for impairment in value.

1.4 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 by the balance sheet date.

1.5 Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or receive more tax, with the following exceptions:

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

For fixed assets that were transferred in from other group companies at a revalued amount, provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

SPIRIT INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 20 AUGUST 2005

1 Accounting policies

(continued)

1.6 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Spirit Group Holdings Limited, a company incorporated in the EU, and is included in the consolidated accounts of that company.

1.7 Financial Instruments

The group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The group does not hold or issue derivative financial instruments for speculative purposes.

For a forward foreign exchange contract to be treated as a hedge the instrument must be related to actual foreign currency assets or liabilities or to a probable commitment. It must involve the same currency or similar currencies as the hedged item and must also reduce the risk of foreign currency exchange movements on the group's operations. Gains and losses arising on these contracts are deferred and recognised in the profit and loss account, or as adjustments to the carrying amount of fixed assets, only when the hedged transaction has itself been reflected in the group's financial statements.

For an interest rate swap to be treated as a hedge the instrument must be related to actual assets or liabilities or a probable commitment and must change the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts.

If an instrument ceases to be accounted for as a hedge, for example because the underlying hedged position is eliminated, the instrument is marked to market and any resulting profit or loss recognised at that time.

2 Operating loss

Auditors' remuneration was borne by other group companies.

3 Investment income

	2005 £000's	2004 £000's
Dividends received from group undertakings	116,379	-
Interest receivable		
Bank interest receivable	1,617	-

SPIRIT INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE PERIOD ENDED 20 AUGUST 2005**

4	Interest payable	2005	2004
		£000's	£000's
	Other loans	85,040	102,094
	Deferred issue costs	13,162	8,979
		<u>98,202</u>	<u>111,073</u>
5	Taxation	2005	2004
		£000's	£000's
	Domestic current year tax		
	U.K. corporation tax	(19,588)	(19,174)
	Current tax charge	<u>(19,588)</u>	<u>(19,174)</u>
	Factors affecting the tax charge for the period		
	Profit/(loss) on ordinary activities before taxation	<u>19,650</u>	<u>(111,073)</u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%)	<u>5,895</u>	<u>(33,322)</u>
	Effects of:		
	Tax losses not recognised	9,431	14,148
	Dividends and distributions received	(34,914)	-
		<u>(25,483)</u>	<u>14,148</u>
	Current tax credit	<u>(19,588)</u>	<u>(19,174)</u>

SPIRIT INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE PERIOD ENDED 20 AUGUST 2005**

6 Fixed asset investments

	Shares in subsidiary undertakings £000's
Cost	
At 21 August 2004	612,273
Disposals	(398,106)
	<hr/>
At 20 August 2005	214,167
	<hr/>
Net book value	
At 20 August 2005	214,167
	<hr/>
At 21 August 2004	612,273
	<hr/>

During the year, Spirit Group Parent Limited repaid the capital contribution made by the company during the period ended 21 August 2004.

Details of the investments in which the company (unless indicated) holds 20% or more of the nominal value of any class of share capital are as follows:

Subsidiary Undertaking	Holding	Proportion of voting rights held	Nature of business
Spirit Group Parent Limited	Ordinary shares	100%	Holding company
Spirit Acquisitions Holdings Limited	Ordinary shares	100%	* Holding company
Spirit Acquisitions Guarantee Limited	Ordinary shares	100%	** Holding company
New Pubco Holdings Limited	Ordinary shares	100%	* Not trading
Spirit Group Limited	Ordinary shares	100%	* Service company
Spirit Group Finco Limited	Ordinary shares	100%	* Not trading
Spirit Managed Holdings Limited	Ordinary shares	100%	* Holding company
Spirit Group Pension Trustees Limited	Ordinary shares	100%	* Pension Trustees
Spirit Group Equity Limited	Ordinary shares	100%	* Holding company
Spirit Supply Company Limited	Ordinary shares	100%	* Sale of wet products
Spirit (PSC) Limited	Ordinary shares	100%	* Not trading
Spirit Managed Funding Limited	Ordinary shares	100%	* Holding company
Spirit Financial Holdings Limited	Ordinary shares	100%	* Holding company
Spirit Finco Limited	Ordinary shares	100%	* Financing company ²
Spirit Parent Limited	Ordinary shares	100%	* Holding company
Spirit Managed Inns Limited	Ordinary shares	100%	* Pub retailing

SPIRIT INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE PERIOD ENDED 20 AUGUST 2005**

6 Fixed asset investments

(continued)

Spirit Funding Limited	Ordinary shares	100%	*	Financing company ²
Spirit Pubs Holdings Limited	Ordinary shares	100%	*	Holding company
Spirit Pubs Parent Limited	Ordinary shares	100%	*	Holding company
Spirit Managed Pubs Limited	Ordinary shares	100%	*	Pub retailing
Spirit (SGL) Limited	Ordinary shares	100%	*	Pub retailing ¹
Spirit (AKE Holdings) Limited	Ordinary shares	100%	*	Holding company
Spirit (Lodges Holdings) Limited	Ordinary shares	100%	*	Holding company
Faith @ Bar Room Bar Limited	Ordinary shares	100%	*	Pub retailing
Spirit Retail Bidco Limited	Ordinary shares	100%	*	Holding company
Partstripe Limited	Ordinary shares	100%	*	Not trading ¹
Spirit Group Retail Limited	Ordinary shares	100%	*	Not trading ¹
Stickpad Limited	Ordinary shares	100%	*	Not trading ¹
Spirit Group Retail (Northampton) Ltd	Ordinary shares	100%	*	Not trading ¹
Spirit Group Retail (Pubs) No 1 Limited	Ordinary shares	100%	*	Holding company
Spirit Group Retail (Pubs) No 2 Limited	Ordinary shares	100%	*	Not trading ¹
Cleveland Place Holdings Limited	Ordinary shares	100%	*	Holding company
Springtarn Limited	Ordinary shares	100%	*	Not trading ¹
CPH (R&L) No 1 Limited	Ordinary shares	100%	*	Holding company
CPH (R&L) No.2 Limited	Ordinary shares	100%	*	Not trading ¹
Narnain	Ordinary shares	100%	*	Holding company ³
Dearg Limited	Ordinary shares	100%	*	Holding company
CPH Palladium Limited	Ordinary shares	100%	*	Holding company
Aspect Ventures Limited	Ordinary shares	100%	*	Pub retailing ¹
AVL (Pubs) No.1 Limited	Ordinary shares	100%	*	Holding company
AVL (Pubs) No.2 Limited	Ordinary shares	100%	*	Not trading ¹
The Chef & Brewer Group Limited	Ordinary shares	100%	*	Not trading ¹
Freshwild Limited	Ordinary shares	100%	*	Not trading ¹
Spirit SLB Limited	Ordinary shares	100%	*	Not trading ¹
Huggins and Company Limited	Ordinary shares	100%	*	Not trading ¹

Joint Ventures

Allied Kunick Entertainments Limited	Ordinary shares	51%	*	Property management
Spirit Travel Inn Limited	A Ordinary shares	50%	*	Hotels and hospitality
	Preference shares	No voting rights		

¹The trade of these companies was hived up into Spirit Managed Inns Limited and Spirit Managed Pubs Limited on 25 November 2004, after which date Spirit Managed Inns Limited and Spirit Managed Pubs Limited became the main trading entities within the Spirit Group.

²As a result of the refinancing in November 2004, the external debt held by this company was repaid in full.

³Narnain is a private unlimited company.

SPIRIT INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 20 AUGUST 2005

6 Fixed asset investments

(continued)

All of the above companies are incorporated in England & Wales, except for Spirit Funding Limited and Spirit Finco Limited, which are incorporated in the Cayman Islands.

* Held by a subsidiary undertaking.

** Spirit Acquisition Guarantee Limited is limited by guarantee (Spirit Group has control over the entity).

The company has taken advantage of the exemption to only list those investments that principally affect the profit or assets of the company.

7 Debtors	2005 £000's	2004 £000's
Amounts owed by group undertakings	11,534	3,200
Corporation tax	12,700	19,174
Other debtors	226	-
	<u>24,460</u>	<u>22,374</u>

Amounts falling due after more than one year and included in the debtors above are:

Amounts owed by group undertakings	<u>11,534</u>	<u>3,200</u>
------------------------------------	---------------	--------------

8 Creditors: amounts falling due within one year	2005 £000's	2004 £000's
Loans (see note below)	194,456	427,852
Interest accrued on loans (see note below)	77,839	70,400
Amounts owed to group undertakings	-	96
	<u>272,295</u>	<u>498,348</u>

SPIRIT INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE PERIOD ENDED 20 AUGUST 2005**

9 Creditors: amounts falling due after more than one year	2005 £000's	2004 £000's
Loans (see note below)	-	191,899
Interest accrued on loan notes (see note below)	-	31,694
Amounts owed to group undertakings	29,496	32,092
	<u>29,496</u>	<u>255,685</u>

Loans

Unsecured subordinated guaranteed loan notes 2013:

Zero coupon loan notes	197,454	635,909
Interest accrued	77,839	102,094
	<u>275,293</u>	<u>738,003</u>
Less deferred issue costs	(2,998)	(16,159)
	<u>272,295</u>	<u>721,844</u>

The unsecured subordinated loan notes totalling £635,909,480 were issued by Spirit Intermediate Holdings Limited on 2 November 2003 in connection with the acquisition of Spirit Managed Holdings Limited and the Scottish and Newcastle retail business.

The notes issued are all zero coupon notes issued at a discount. Interest is calculated on their principal amount at the rate of 20% per annum (up to but excluding the maturity date) accruing daily on the basis of a 365 day year (compounded annually on 3 November) for the period from and including the issue date up until redemption. A redemption premium falls due on the issue amount plus accrued interest of 1% if the notes are redeemed between the third and fourth anniversary of the issue date of the notes, 2% if redeemed between the fourth and fifth anniversaries, 5% between the fifth and sixth anniversaries and 9% after the sixth anniversary.

The final maturity date of the notes is 3 November 2013.

On 17 January 2005, the company made a partial redemption of the loan notes (including accrued interest) amounting to £547,769,495 (being £438,455,846 principal and £109,313,649 interest).

On 5 January 2006, the remaining principal and accrued interest were redeemed in connection with the acquisition of the Spirit group of companies by Punch Taverns plc, and has therefore been shown as due within one year.

SPIRIT INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE PERIOD ENDED 20 AUGUST 2005**

10 Provisions for liabilities and charges

There were amounts for unrecognised deferred tax assets due to tax losses totalling £21,304,000 as at 20 August 2005 (2004: £14,147,256).

No provision has been made for deferred tax on gains on the sale of assets where potentially taxable gains have rolled over into replacement assets. Such tax would only be payable if the assets were sold without it being possible to claim rollover relief or to utilise unrecognised capital losses.

11 Share capital	2005 No.	2005 £	2004 No.	2004 £
Authorised				
Ordinary shares of £1 each	100	100	100	100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Allotted, called up and fully paid				
Ordinary shares of £1 each	4	4	4	4
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

12 Statement of movements in shareholders' deficit and movements on reserves

	Share capital £000's	Other reserves £000's	Profit and loss account £000's	Total £000's
Shares issued on incorporation	-	-	-	-
Capital contribution in the period ended 21 August 2004	-	1	-	1
Retained loss for the period ended 21 August 2004	-	-	(91,898)	(91,898)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 21 August 2004	-	1	(91,898)	(91,897)
Retained profit for the period ended 20 August 2005	-	-	39,238	39,238
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 20 August 2005	-	1	(52,660)	(52,659)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

SPIRIT INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 20 AUGUST 2005

13 Reconciliation of movements in shareholders' deficit	2005 £000's	2004 £000's
Profit/(Loss) for the financial period	39,238	(91,898)
Movements on other reserves	-	1
	<hr/>	<hr/>
Net addition to/(depletion in) shareholders' deficit	39,238	(91,897)
Opening shareholders' deficit	(91,897)	-
	<hr/>	<hr/>
Closing shareholders' deficit	(52,659)	(91,897)

14 Directors' emoluments

The directors' emoluments have been borne by the parent company, Spirit Group Holdings Limited. The directors of the company are also directors or officers of a number of the companies in the Spirit Group. The directors' services to the company do not occupy a significant amount of their time. As such, the directors do not consider that they have received any remuneration for their incidental services to the company for the period ended 20 August 2005.

15 Employees

There were no employees during the period apart from the directors.

16 Control

The parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up and of which the company was a member as at 20 August 2005 is Spirit Group Holdings Limited which is registered in England and Wales.

On 5 January 2006 100% of the ordinary share capital of Spirit Group Holdings Limited, company's ultimate controlling party, was acquired by Punch Taverns (Redwood Bidco) Limited a wholly owned subsidiary of Punch Taverns plc. As a result of this transaction the new ultimate parent is Punch Taverns plc.

Copies of the financial statements of Spirit Group Holdings Limited are available from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

17 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.