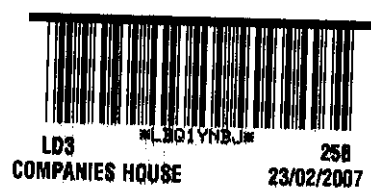


Company Registration No. 05073303

**GREENE KING NEIGHBOURHOOD
ESTATE PUBS LIMITED**

Report and Statutory Financial Statements

30 April 2006



GREENE KING NEIGHBOURHOOD ESTATE PUBS LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the period ended 30 April 2006.

ACTIVITY AND REVIEW OF DEVELOPMENTS

The principal activity of the company was the operation of managed pubs and bars.

On 31 January 2005, the company sold the trade and assets purchased to another Group company and it has not traded since that date.

RESULTS AND DIVIDENDS

The retained profit after tax was £14,635,000 (2005: £4,117,000). During the period the company declared and paid no interim dividends (2005: £ Nil). The directors do not recommend the payment of a dividend (2005: £ Nil).

DIRECTORS AND THEIR INTERESTS

The following directors served during the period and to the date of this report (except as noted below):

	Appointed	Resigned
R Anand	6 August 2004	-
M Angela	6 August 2004	-
D Elliott	6 August 2004	-
M J Shallow	6 August 2004	31 December 2005
J Adams	5 September 2005	-
I Bull	9 January 2006	-

No director has an interest in the share capital of the company.

The interests of the directors in the shares of Greene King plc, are shown in the accounts of that company.

No director had any interests in any contract or arrangements of a material nature with the company, its subsidiaries, its fellow subsidiaries or its ultimate parent company during the period under review.

INDEMNITY PROVISION/ DIRECTORS' LIABILITIES

The company has indemnified one or more directors of the company against liability 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 is in force as at the date of approving the directors' report.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were members of the board at the time of approving this report are listed above. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirm that:

- to the best of their knowledge and belief, there is no information relevant to the preparation of this report of which the company's auditors are unaware; and
- they have taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

ELECTION OF DIRECTORS

In accordance with the Articles of Association the directors do not retire by rotation.

**GREENE KING NEIGHBOURHOOD ESTATE PUBS LIMITED (FORMERLY LAUREL
NEIGHBOURHOOD ESTATE PUBS LIMITED)**

DIRECTORS' REPORT (continued)

AUDITORS

Resolutions have been passed dispensing with the need to hold an AGM and re-appoint auditors annually.

Approved by the Board of Directors
and signed on behalf of the Board



Mrs L A Keswick
Secretary

Date: 20 FEBRUARY 2007

GREENE KING NEIGHBOURHOOD ESTATE PUBS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. 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 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 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.

The directors' are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREENE KING NEIGHBOURHOOD ESTATE PUBS LIMITED

We have audited the financial statements of Greene King Neighbourhood Estate Pubs Limited for the period ended 30 April 2006 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. 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 the preparation of 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).

In addition 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.

We also 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 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 the company's affairs as at 30 April 2006 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

Cambridge

Date: *21 Feb 2007*

GREENE KING NEIGHBOURHOOD ESTATE PUBS LIMITED

PROFIT AND LOSS ACCOUNT

Period ended 30 April 2006

	Note	Period ended 30 April 2006 £'000	15-months to 1 May 2005 £'000
TURNOVER	1	-	129,222
Cost of sales		-	(99,317)
GROSS PROFIT			29,905
Net operating expenses			
Selling and distribution costs		-	(815)
Administrative expenses		-	(18,766)
OPERATING PROFIT	2	-	10,324
Interest receivable	4	32,386	8,492
Interest payable and similar charges	5	(17,407)	(11,699)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		14,979	7,117
Tax on profit on ordinary activities	6	(344)	(3,000)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL PERIOD	10	14,635	4,117

All activities in the prior financial period relate to discontinued operations.

There were no other recognised gains or losses in the period other than those included in the profit and loss account and consequently no statement of total recognised gains and losses is presented.

GREENE KING NEIGHBOURHOOD ESTATE PUBS LIMITED

BALANCE SHEET

As at 30 April 2006

	Note	30 April 2006 £'000	1 May 2005 £'000
CURRENT ASSETS			
Debtors	7	741,528	708,647
CREDITORS: amounts falling due within one year			
Amounts owed to group undertakings	8	(315,210)	(297,803)
Other creditors	8	(911)	(72)
		<u>(316,121)</u>	<u>(297,875)</u>
NET ASSETS		<u>425,407</u>	<u>410,772</u>
CAPITAL AND RESERVES			
Called up share capital	9	10,000	10,000
Share premium account	10	396,655	396,655
Profit and loss account	10	<u>18,752</u>	<u>4,117</u>
EQUITY SHAREHOLDER'S FUNDS	10	<u>425,407</u>	<u>410,772</u>

The financial statements were approved by the Board of Directors on 20 FEBRUARY 2007

Signed on behalf of the Board of Directors



I Bull

Director

GREENE KING NEIGHBOURHOOD ESTATE PUBS LIMITED

NOTES TO THE ACCOUNTS

For the period to 30 April 2006

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

The financial statements do not include a cash flow statement in accordance with FRS No. 1 "Cash flow statements", as permitted by Clause 5, in relation to subsidiaries more than 90% owned by a parent Group with publicly available consolidated financial statements.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover is the value of goods and services sold to third parties as part of trading activities, after deducting discounts and sales-based taxes. All turnover is derived from one class of business, based in the United Kingdom.

Retirement benefits

Retirement benefit costs are charged to the profit and loss account as incurred.

Deferred Taxation

Deferred taxation is provided in accordance with Financial Reporting Standard ("FRS") 19 on all timing differences arising from the different treatment of items for accounts and taxation purposes calculated at rates at which it is estimated that tax will arise. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. OPERATING PROFIT

	Period ended 30 April 2006 £'000	15-months ended 1 May 2005 £'000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	-	3,700

Auditors' remuneration for both audit and non-audit services has been borne by other group companies in the current financial period.

The directors received no remuneration for their services in respect of the company in the financial period and their remuneration for services to the group is shown in the accounts of Greene King plc.

GREENE KING NEIGHBOURHOOD ESTATE PUBS LIMITED

NOTES TO THE ACCOUNTS

For the period to 30 April 2006

3. INFORMATION REGARDING EMPLOYEES

	Period ended 30 April 2006 No.	15-months ended 1 May 2005 No.
Average number of persons employed by the company in the period:	-	6,144
	£'000	£'000
Staff costs incurred during the period in respect of these employees (including directors) were:		
Wages and salaries	-	27,003
Social security costs	-	1,476
Other pension costs	-	519
	-	28,998

4. INTEREST RECEIVABLE

	Period ended 30 April 2006 £'000	15-months ended 1 May 2005 £'000
Bank interest receivable	-	39
Loans to related undertakings	32,386	8,453
	32,386	8,492

5. INTEREST PAYABLE & SIMILAR CHARGES

	Period ended 30 April 2006 £'000	15-months ended 1 May 2005 £'000
Loans from related undertakings	17,407	10,044
Other loans	-	1,655
	17,407	11,699

GREENE KING NEIGHBOURHOOD ESTATE PUBS LIMITED

NOTES TO THE ACCOUNTS

For the period to 30 April 2006

6. TAXATION

Current Taxation

	Period ended 30 April 2006 £'000	15-months ended 1 May 2005 £'000
Current tax:		
UK corporation tax payable	344	-
Deferred tax:		
Origination and reversal of timing differences	-	3,000
Total tax charge for the period	344	3,000

Factors affecting current tax charge

The effective rate of taxation is lower than the full rate of corporation tax. The reconciliation of the charge is explained below:

	Period ended 30 April 2006 £'000	15-months ended 1 May 2005 £'000
Profit on ordinary activities before tax	14,979	7,117
Tax charge on profit on ordinary activities at standard rate of UK corporation tax of 30%	4,494	2,135
Effects of:		
Expenses not deductible for tax purposes:		
- goodwill	-	1,388
Capital allowances in excess of depreciation	-	(523)
Utilisation of tax losses brought forward	-	(3,000)
Group relief	(4,150)	-
Total amount of current tax	344	-

7. DEBTORS

	Period ended 30 April 2006 £'000	15-months ended 1 May 2005 £'000
Amounts due from group undertakings	741,492	700,898
Prepayments and accrued income	36	7,749
	741,528	708,647

GREENE KING NEIGHBOURHOOD ESTATE PUBS LIMITED

NOTES TO THE ACCOUNTS

For the period to 30 April 2006

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Period ended 30 April 2006 £'000	15-months ended 1 May 2005 £'000
Amounts owed to group undertakings	315,210	297,803
Other creditors		
Corporation tax	344	-
Other creditors including taxation and social security	567	72
	911	72

9. CALLED UP SHARE CAPITAL

	Period ended 30 April 2006 £'000	15-months ended 1 May 2005 £'000
Authorised: 50,000,000 ordinary shares of £1 each	50,000	50,000
Called up, allotted and fully paid: 10,000,001 ordinary shares of £1 each	10,000	10,000

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 May 2005	10,000	396,655	4,117	410,772
Profit for the financial period	-	-	14,635	14,635
At 30 April 2006	10,000	396,655	18,752	425,407

11. RELATED PARTIES

The company has taken advantage of the exemption from the requirement to disclose transactions with the ultimate parent company, Greene King plc, or with any fellow subsidiaries within the group.

12. IMMEDIATE AND ULTIMATE PARENT COMPANIES

The immediate parent company is Repairdesign Limited, a company incorporated in Great Britain and registered in England and Wales. The ultimate parent company is Greene King plc, a company incorporated in Great Britain and registered in England and Wales. Consolidated financial statements for the period to 30 April 2006 have been prepared for the Greene King plc Group of which the company is a member. These are available from Westgate Brewery, Bury St Edmunds, Suffolk, IP33 1QT.