

Orchid Pubs Alaska Limited

**(formerly Punch Taverns (Redwood Newco 1) Limited
and formerly Barnbright Limited)**

Directors' Report and Financial Statements for the

Period Ended 31 December 2006

Registered number: 05554875

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Orchid Pubs Alaska Limited

Directors' report for the period ended 31 December 2006

Orchid Pubs Alaska Limited (the "Company") was incorporated on 6 September 2005. The Directors present their Directors' Report and Financial Statements for the period from incorporation to 31 December 2006.

On 30 November 2005 the Company changed its name from Barnbright Limited to Punch Taverns (Redwood Newco 1) Limited and on 26 June 2006 the Company changed its name to Orchid Pubs Alaska Limited.

Principal activities and business review

The principal activity of the Company throughout the period was that of an intermediate holding company which owns a group of companies operating bars and restaurants.

On 30 November 2005 the Company acquired the entire issued share capital of Punch Taverns (Redwood Midco) Limited for £1 and acquired the entire issued share capital of Punch Taverns (Redwood Newco 1A) Limited for £1. These investments were sold at cost on 25 May 2006.

On 5 January 2006, the Company received loans from Punch Taverns (PGE) Limited of £931.2 million and loans from Punch Taverns (Guaranteeco) Limited of £327.2 million. The Company then made a loan of £1,258.4 million to Punch Taverns (Redwood Midco) Limited. All the companies were part of the same group and all loans were subject to interest at 7.5%. The loans and interest were repaid on 25 May 2006.

On 23 May 2006 the Company acquired the entire share capital of Orchid Pubs Thames Limited for £2, Orchid Pubs Tay Limited for £2 and Orchid Pubs Tyne Limited for £2.

On 25 June 2006, the Company's entire issued share capital was acquired by Orchid Pubs Limited.

After the period end on 23 January 2007, the Company's entire issued share capital was acquired by Orchid Pubs Operations Limited.

Results and dividends

The results of the Company for the period are set out on page 5. The Company produced a profit after tax of £nil for the period. The Directors do not recommend the payment of a dividend.

Directors and their interests

The Directors who held office during the period were as follows:

CT Freeman	(appointed 23 June 2006)
JR Hall	(appointed 23 June 2006)
Adrain Levy	(appointed 6 September 2005, resigned 30 November 2005)
RJ McDonald	(appointed 30 November 2005, resigned 25 June 2006)
ND Preston	(appointed 30 November 2005, resigned 25 June 2006)
DJ Pudge	(appointed 6 September 2005, resigned 30 November 2005)
GA Thorley	(appointed 30 November 2005, resigned 25 June 2006)

CT Freeman and JR Hall are Directors of Orchid Pubs Limited, the Company's parent company, and their interests in group companies are disclosed in the Directors Report of that company.

None of the other Directors, who held office at the end of the financial period, had according to the register of Directors Interests, any disclosable interest in the shares and debentures of the Company.

The Directors did not receive any remuneration from the Company and the Company has no employees.

Orchid Pubs Alaska Limited

Directors' report for the period ended 31 December 2006 - (continued)

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the period

Disclosure of information to Auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

KPMG LLP were appointed as auditors effective from 7 January 2007 Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG will therefore continue in office

By order of the Board



CT Freeman
Director

23 May 2007

Park Mill, Burydell Lane,
Park Street, St Albans,
Hertfordshire AL2 2HB

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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

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 judgments 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 enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities



KPMG LLP

8 Salisbury Square

London

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United Kingdom

Independent auditors' report to the members of Orchid Pubs Alaska Limited

We have audited the financial statements of Orchid Pubs Alaska Limited for the period ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 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 Directors and Auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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 UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 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.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

25 May 2007

Orchid Pubs Alaska Limited

Profit and loss account for the period starting 6 September 2006 and ending 31 December 2006

	Note	2006 £
Interest receivable and similar income	2	36,460,373
Interest payable and similar charges	3	(36,460,373)
Profit on ordinary activities before taxation		-
Tax on loss on ordinary activities		-
Profit for the financial period		-

All profits arose from continuing operations

There is no difference between the results as stated above and as stated on a historical cost basis

There are no recognised gains or losses in the period other than the profit for the period

Orchid Pubs Alaska Limited

Balance sheet at 31 December 2006

	Note	2006 £
Fixed assets		
Investments	4	<u>6</u>
Current assets		
Debtors	5	<u>94</u>
Net current assets		<u>94</u>
Total assets less current liabilities		<u>100</u>
Net assets		<u>100</u>
Capital and reserves		
Called up share capital	6	100
Profit and loss account	7	<u>-</u>
Shareholders' funds		<u>100</u>

These financial statements were approved by the Board of Directors on 23 May 2007 and were signed on its behalf by



C T Freeman
Director

Orchid Pubs Alaska Limited

Notes to the financial statements for the period ended 31 December 2006

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules

The Company is exempt by virtue of Section 228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

The Company has taken advantage of the exemption granted by Financial Reporting Standard 8, Related Party Disclosures, not to disclose transactions with group entities.

b) Fixed asset investments

Fixed asset investments are stated at cost less provision for any diminution in value.

c) Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19.

d) Intra group guarantees

The Company has not yet adopted amendments to Financial Reporting Standard 26 in relation to financial guarantee contracts which apply for periods commencing on or after 1 January 2007.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

The Company does not expect the amendments to have any impact on the financial statements for the period commencing 1 January 2007.

Orchid Pubs Alaska Limited

Notes to the financial statements for the period ended 31 December 2006 - (continued)

2. Interest receivable and similar income

	2006 £
Receivable from group undertakings	36,460,373
	<u>36,460,373</u>

3. Interest payable and similar charges

	2006 £
On loans from group undertakings	36,460,373
	<u>36,460,373</u>

4. Fixed asset investments

	Shares in group undertakings £
Cost	
Additions	8
Disposals	(2)
At 31 December 2006	<u>6</u>

On 30 November 2005 the Company acquired the entire share capital of Punch Taverns (Redwood Midco) Limited for £1 and acquired the entire share capital of Punch Taverns (Redwood Newco 1A) Limited for £1. These investments were sold at cost on 25 May 2006.

On 23 May 2006 the Company acquired the entire share capital of Orchid Pubs Thames Limited for £2, Orchid Pubs Tay Limited for £2 and Orchid Pubs Tyne Limited for £2.

The following companies were all wholly owned subsidiaries of the Company at 31 December 2006.

<i>Company name</i>	<i>Share type</i>	<i>Principal activity</i>
Orchid Pubs Thames Limited	Ordinary	Bar and restaurant operator
Orchid Pubs Tyne Limited	Ordinary	Bar and restaurant operator
Orchid Pubs Tay Limited	Ordinary	Bar and restaurant operator

All the companies above were incorporated in the United Kingdom.

Orchid Pubs Alaska Limited

Notes to the financial statements for the period ended 31 December 2006 - (continued)

5. Debtors

	2006 £
Amounts owed by group undertakings	94
	<u>94</u>

6. Called up share capital

	2006 £
Authorised 100 ordinary shares of £1 each	<u>100</u>
Allotted, called up and fully paid 100 ordinary shares of £1 each	<u>100</u>

7. Reserves

	Profit and loss account £
Profit for the financial period	-
At end of period	<u>-</u>

8. Reconciliation of movement in shareholders' funds

	2006 £
Profit for the financial period	-
New share capital subscribed	<u>100</u>
Net movement in shareholders' funds	<u>100</u>
Closing shareholders' funds	<u>100</u>

Orchid Pubs Alaska Limited

Notes to the financial statements for the period ended 31 December 2006 - (continued)

9. Contingent liabilities

The bank loans of Orchid Pubs Limited and Orchid Pubs Operations Limited are secured by a fixed and floating charge and cross guarantees between all group companies. At 31 December 2006, the bank loans totalled £503,750,000.

The Company has a joint and several contingent liability in respect of VAT payable under the Orchid Pubs Limited Group VAT registration.

10. Post balance sheet event

On 19 January 2007, the entire issued share capital of the Company was acquired by Orchid Pubs Operations Limited.

11. Ultimate parent company and parent undertaking of larger group which the company is a member

Until 25 June 2006, 74% of the Company's issued share capital was owned by Punch Taverns (PGE) Limited.

Since 25 June 2006, the immediate parent company is Orchid Pubs Limited, incorporated in England. The ultimate controlling party is GI Partners Fund II LP, incorporated in the USA.

The largest group in which the results of the Company are consolidated is that headed by Orchid Capital Limited incorporated in Jersey. The consolidated financial statements are not available to the public. The smallest group in which they are consolidated is that headed by Orchid Pubs Limited incorporated in England. The consolidated financial statements are available to the public and may be obtained from Companies House.

On 19 January 2007, the entire issued share capital of the Company was acquired by Orchid Pubs Operations Limited and GI Partners Fund II LP remains the ultimate controlling party.