



**PUNCH TAVERNS FINANCE B
PUNCH TAVERNS (PMH) LIMITED AND SUBSIDIARY COMPANIES**

FINANCIAL REPORT – MARCH 2007 QUARTER

CONTENTS

	<i>Page</i>
Introduction	2
Profit Commentary	2
Estate Portfolio	3
Investment in Pub Estate	3
Debt Service Cover Ratio (DSCR)	4
Interest and Capital Payments	4
Restricted Payments	5
Profit and Loss Account	6
Consolidated Balance Sheet	7
Consolidated Cash Flow	8
Financial Ratio Compliance Certificate	9-10

**This report is confidential and should not be onwardly distributed
without the written authority of Punch Taverns plc**



PUNCH TAVERNS FINANCE B PUNCH TAVERNS (PMH) LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL REPORT – MARCH 2007 QUARTER

Introduction

This report covers the 12 week period to 3 March 2007, which is the second quarter of the 2006/07 financial year.

This report is prepared under UK Generally Accepted Accounting Principles ("UK GAAP") and excludes any impact of International Financial Reporting Standards ("IFRS").

Profit Commentary

Trading results for the 12 week period were as follows:

- **Sales**

Turnover for the 12 week period to 3 March 2007 was £66.8m, of which rent contributed 25.9%, up from 24.5% in Q2 2005/06.

- **Gross profits**

The total gross profit in the 12 week period to 3 March 2007 was £44.3m, which gave a gross profit margin of 66.2% compared to a total gross profit of £41.5m in Q2 2005/06 (margin of 62.3%).

- **Operating Margin and EBITDA**

Operating margin for the 12 week period to 3 March 2007 was 57.6% resulting in an EBITDA of £38.5m. This is an increase of 9.6% as compared to Q2 2005/06 when EBITDA was £35.1m.

EBITDA for the 52 week period to 3 March 2007 was £158.1m. This compares favourably to the run rate of £157m, as stated in the Offering Circular.

Adrian Fawcett, Chief Operating Officer, left the business on 31 March 2007. He has been replaced as Managing Director: Leased by Deborah Kemp.



PUNCH TAVERNS FINANCE B
PUNCH TAVERNS (PMH) LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL REPORT – MARCH 2007 QUARTER

Estate Portfolio

- 5 pub disposals were made during the quarter, for net proceeds of £1.6m, resulting in a closing estate of 3,031.

	<u>Quarter 2</u> 12 weeks to 3 March 2007 <u>No</u>	<u>2005/06</u> 28 weeks to 3 March 2007 <u>No</u>
Number of Pubs		
Opening	3,036	3,037
Acquisitions	-	-
Other	-	-
Disposals	(5)	(6)
	<u>3,031</u>	<u>3,031</u>

Investment in Pub Estate

	<u>Quarter 2</u> 12 weeks to 3 March 2007 <u>£000</u>	<u>2005/06</u> 28 weeks to 3 March 2007 <u>£000</u>
Payments to acquire new pubs	-	-
Spend on existing pubs	11.0	25.6
Total Spend on Estate	<u>11.0</u>	<u>25.6</u>
Disposal Proceeds¹	<u>1.7</u>	<u>2.4</u>

¹ In the current quarter £0.1m of the disposal proceeds relate to other fixed asset disposals. In the year to date, £0.5m of the disposal proceeds relates to land and other fixed asset disposals.



**PUNCH TAVERNS FINANCE B
PUNCH TAVERNS (PMH) LIMITED AND SUBSIDIARY COMPANIES**

FINANCIAL REPORT – MARCH 2007 QUARTER

Debt Service Cover Ratio (DSCR)

This is calculated as follows (see profit and loss account on page 6):

	<u>Quarter 2</u> 12 weeks to 3 March 2007	<u>Rolling 2 Quarters</u> 28 weeks to 3 March 2007 <u>£m</u>	<u>Rolling 4 Quarters</u> 52 weeks to 3 March 2007 <u>£m</u>
EBITDA	38.5	86.7	158.1
Interest Payable	18.2	41.9	77.8
Interest Receivable	(0.9)	(2.2)	(4.1)
Capital Repayments ¹	-	-	-
	17.3	39.7	73.7
Debt Service Cover Ratio	2.22 : 1	2.18 : 1	2.14 : 1

¹ Capital repayments to commence in December 2009

Interest and Capital Payments

	<u>Quarter 2</u> 12 weeks to 3 March 2007 <u>£m</u>	<u>YTD</u> 28 weeks to 3 March 2007 <u>£m</u>
Interest Payments		
A3	3.7	7.4
A6	3.3	6.6
A7	3.0	6.0
A8	3.3	6.4
B1	1.6	3.2
B2	2.2	4.4
C	1.9	3.7
Swap costs	0.1	0.3
Other	0.3	0.7
	19.4	38.7

Capital repayments do not commence until December 2009.



PUNCH TAVERNS FINANCE B
PUNCH TAVERNS (PMH) LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL REPORT – MARCH 2007 QUARTER

Restricted Payments

The following payments to Punch Taverns (PMH) Limited can be made during the first half of the financial year in accordance with the Permitted Restricted Payment terms (Clause 16.4(b) of IBFA):

	<u>Relevant Period</u> <u>24 weeks ending</u> <u>3 March 2007</u> <u>£m</u>
Free Cash Flow	86.6
Less: Debt Service	(39.7)
Less: current period restriction of R(FCF) to 1.3: 1	(11.9)
Plus: prior period restriction of unapplied excess cash (A-B)	10.2
Excess Cash	<hr/> 45.2
Capex in relevant period	(25.6)
Add: capex funded from DPA	8.4
Capex required to be funded from excess cash	<hr/> (17.2)
Available Excess Cash:	
Total Permitted Restricted Payment	<hr/> 28.0 <hr/>



PUNCH TAVERNS FINANCE B
PUNCH TAVERNS (PMH) LIMITED AND SUBSIDIARY COMPANIES

PROFIT AND LOSS ACCOUNT

	<u>Quarter 2</u> 12 weeks to 3 March 2007 £m	<u>YTD</u> 28 weeks to 3 March 2007 £m
Turnover		
Beer (net of discounts)	40.0	93.8
Rent	17.3	39.9
Machines	3.0	6.5
Other	6.5	15.9
Total Turnover	66.8	156.1
Gross Profit		
Beer	21.0	48.6
Rent	17.3	39.9
Machines	3.0	6.5
Other	3.0	6.2
Total Gross Profit	44.3	101.2
Operating Costs	(5.8)	(14.5)
EBITDA	38.5	86.7
Profit/(Loss) on Disposal	(0.4)	(0.1)
Depreciation and Amortisation	(1.0)	(2.2)
Exceptional items ¹	(0.2)	(0.4)
Cash Interest Receivable	0.9	2.2
Cash Interest Payable	(18.2)	(41.9)
Non-Cash Interest Charge	(0.1)	(0.2)
Subordinated Loan Interest	(6.3)	(14.5)
Profit Before Taxation	13.2	29.6
Taxation	(4.1)	(8.9)
Profit After Taxation	9.1	20.7
Interim dividend paid	-	(9.2)
Profit for the Period	9.1	11.5

¹ Exceptional items incurred relate to exceptional pension contributions, licence reform costs and other related one-off costs.



PUNCH TAVERNS FINANCE B
PUNCH TAVERNS (PMH) LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

	<u>Quarter 2</u> As at 3 March 2007 £m	<u>2005/06</u> As at 19 August 2006 £m
Fixed Assets		
Goodwill	(18.1)	(18.6)
Tangible Fixed Assets	1,672.2	1,651.7
	1,654.1	1,633.1
Debtors		
Trade	19.5	21.6
Prepayments	7.5	8.6
	27.0	30.2
Cash at Bank and In Hand	59.0	83.6
CURRENT ASSETS	86.0	113.8
Creditors: amounts falling due within one year		
Trade Creditors	(7.6)	(19.7)
Other Creditors	(11.9)	(10.9)
Corporation Tax	(13.1)	(4.0)
Social Security and Other Taxes	(0.4)	0.8
Accruals and Deferred Income	(27.3)	(25.1)
	(60.3)	(58.9)
NET CURRENT ASSETS	25.7	54.9
TOTAL ASSETS LESS CURRENT LIABILITIES	1,679.8	1,688.0
Creditors: amounts falling due after more than one year		
Loans	(1,233.4)	(1,232.7)
	446.2	455.3
Provisions for Liability and Charges	(16.6)	(16.7)
Amounts due from Group Undertakings	226.9	204.8
NET ASSETS	656.7	643.4
Capital and Reserves		
Share Capital	84.0	84.0
Revaluation Reserve	349.8	349.8
Other Capital Reserves	7.6	7.6
Subordinated Loan Funding	185.6	183.8
Profit and Loss Reserves	18.2	(27.1)
Profit for the period	11.5	45.3
TOTAL SHAREHOLDERS' FUNDS	656.7	643.4



PUNCH TAVERNS FINANCE B
PUNCH TAVERNS (PMH) LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED CASH FLOW

	<u>Quarter 2</u> 12 weeks to 3 March 2007 <u>£m</u>	<u>YTD</u> 28 weeks to 3 March 2007 <u>£m</u>
Operating profit	37.5	84.5
Depreciation and amortisation	1.0	2.2
Cash flows from exceptional items	(0.2)	(0.4)
Increase in working capital	(44.2)	(29.3)
Net Cash (Outflow)/Inflow From Operating Activities	<u>(5.9)</u>	<u>57.0</u>
Returns on Investment and Servicing of Finance		
Interest paid	(19.4)	(38.7)
Interest received	0.7	2.1
	<u>(18.7)</u>	<u>(36.6)</u>
Taxation Receipts	<u>-</u>	<u>0.1</u>
Capital Expenditure and Financial Investment		
Payments to acquire new pubs	-	-
Investment spend on fixed assets	(11.0)	(25.6)
Receipt from sale of fixed assets	1.7	2.4
	<u>(9.3)</u>	<u>(23.2)</u>
Net Cash Outflow Before Financing	<u>(33.9)</u>	<u>(2.7)</u>
Financing		
Amounts paid to other group undertakings	-	(21.9)
DECREASE IN CASH	<u>(33.9)</u>	<u>(24.6)</u>



**PUNCH TAVERNS FINANCE B
PUNCH TAVERNS (PMH) LIMITED AND SUBSIDIARY COMPANIES**

FINANCIAL RATIO COMPLIANCE CERTIFICATE

To: Deutsche Trustee Company Limited

1. We, Robert McDonald and Neil Preston each being a director of Punch Taverns (PML) Limited hereby certify without incurring any personal liability for the same, that for the Financial Quarter just ended:

- (a) that the financial covenants for the undertakings in Clause 15 of the Issuer/Borrower Facility Agreement have been observed;
- (b) the Debt Service Cover Ratio:
 - i) for the period of four Financial Quarters ending on 3 March 2007 is 2.14 : 1;
 - ii) for the period of two Financial Quarters ending on 3 March 2007 is 2.18 : 1.
- (c) the FCF Ratio:
 - i) for the period of four Financial Quarters ending on 3 March 2007 is 1.97 : 1;
 - ii) for the period of two Financial Quarters ending on 3 March 2007 is 1.96 : 1.
- (d) the Peak Debt Service Ratio is not required to be tested until the quarter ended 18 August 2007;
- (e) the Net Worth of the New Securitisation Group calculated in accordance with Clause 15.3 of the Issuer/Borrower Facility Agreement does not need to be tested until the Financial Quarter ending on 18 August 2007;
- (f) for the purposes of calculating the ratios, above, the following values were relevant for the Financial Quarter just ended:

EBITDA:	£38.5m
Look Back EBITDA	There is no requirement to test this covenant until the last quarter ending prior to June 2022
Debt Service:	£17.3m
Expected Class A Debt Service	There is no requirement to test this covenant until the quarter commencing in August 2028
Interest Charges:	£18.2m



**PUNCH TAVERNS FINANCE B
PUNCH TAVERNS (PMH) LIMITED AND SUBSIDIARY COMPANIES**

(g) in addition, the following values were relevant for the Financial Quarter(s) just ended:

Free Cash Flow £34.3m
 Outlet EBITDA £41.8m

The average and final balance of each of the New Securitisation Group Entity Accounts:

	Average Balances (£m)	Final Balance (£m)
Operating / Collections Accounts	60.9	50.8
Disposal Proceeds Account	19.3	7.6

Minimum Maintenance CapEx Amount £1.6m per semi-annual period

CapEx Amounts expended £11.0m

Number of Punch Taverns B Mortgaged Properties disposed of or acquired Disposed – 5
 Acquired – nil

Number of Pubs in Portfolio 3,031

Weighted Average Return on all CapEx Amounts spent on all trading Pubs from close (in accordance with clause 16.8(a) of IBFA) 16.5%

Excess Cash Not required to be tested this quarter

(h) as of the date of this Certificate, no Borrower Event of Default or Potential Borrower Event of Default (which, in either case, has not previously been notified to the Borrower Security Trustee) has occurred;

During the quarter, the existing Supply Agreements with Carlsberg UK and SNUK have been terminated and replaced with new agreements.

Terms used in this Financial Ratio Compliance Certificate that are not defined herein shall have the meaning given to them in the Master Definitions and Construction Agreement dated 1 August 2005.

Dated: 17 April 2007

Signed for and on behalf of
 Punch Taverns (PML) Limited

.....
 Finance Director

.....
 Director