

PUNCH TAVERNS PLC

(“Punch” or “the Group”)

Interim Results for the 28 weeks to 1 March 2008

Enhanced quality of estate drives profit improvement

Punch Taverns plc, the UK’s leading pub operator of over 8,400 leased, tenanted and managed pubs, today announces interim results for the 28 weeks ended 1 March 2008.

Highlights

Financial Results (before exceptional items)

- Results reflect 9% reduction in size of estate, following non-core divestments in 2007
- Profit before tax increased 1% to £133 million (2007: £132 million)
- Basic earnings per share up 1% to 39.0p (2007: 38.5p)
- Interim dividend up 8% to 5.5p (2007: 5.1p)
- Strong cash generation with free cash flow before investment of £129 million (2007: £55 million)
- Strong balance sheet, increased interest cover to above 2.0x, no refinancing requirements before December 2010 at the earliest

Statutory Results (after exceptional items) *

- Profit before tax of £109 million (2007: £138 million)
- Basic earnings per share of 32.7p (2007: 42.9p)

Operational Performance

- Quality of estate continues to improve
 - Average EBITDA per pub up 10% in the leased estate
 - Licensees continue to perform well with average licensee profitability up 11% to £40k
 - Average EBITDA per pub up 4% in the managed estate
 - Continued investment with £84 million spent on enhancing over 950 pubs across the leased and managed estates
- On target to achieve c.£10m of cost savings in the current financial year

* Full analysis of exceptional items are shown in note 3 to the Financial Statements

Giles Thorley, Chief Executive of Punch Taverns plc, commented

"It is testament to the operational and estate strategy implemented over the past two years that we have delivered underlying profit growth with a significantly smaller estate. This strong performance has been achieved despite a weaker trading environment across the industry.

"Measured on both a company EBITDA per pub basis and licensee profitability metrics our estate is of significantly higher quality than this time last year. Moreover, the Group's finance is secure, long-term and at a fixed rate, underpinning the financial stability of the Group.

"Whilst we remain cautious over short-term trading conditions for the sector, we are confident that we are well positioned as we move into a more positive environment over the summer months and pass the anniversary of the smoking bans in England and Wales."

24 April 2008

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Forward-looking statements

This report may contain certain statements about the future outlook for Punch. Although we believe our expectations are based on reasonable assumptions, any statements about future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

INTERIM RESULTS FOR THE 28 WEEKS TO 1 MARCH 2008

OVERVIEW

Delivering underlying profit growth during a period of challenging trading is testament to the operational and estate strategy that has been implemented over the past two years.

The interim period comprises 28 weeks from 19 August 2007 to 1 March 2008, during which time we have generated profit before tax of £133m, before exceptional items, representing an increase of 1% with an average estate size some 9% smaller than the prior year. Basic earnings per share before exceptional items have similarly risen 1% to 39.0p. In view of this performance and our strong cash generation we will make an interim dividend payment of 5.5p per ordinary share, an increase of 8% on last year.

Following a satisfactory start to the financial year, trading in the second quarter was more subdued. Like for like trading has continued broadly in line with the levels reported at the time of the Interim Management Statement in January following the impact of the smoking ban over the winter months. Like for like contribution for the leased business is down 2.0% for the 28 week period under review, whilst like for like sales for the core managed estate declined by 2.8%.

The market

These interim results reflect the more challenging market conditions being faced by the sector in recent months. The lack of general consumer confidence and the pressures from increases in fuel, energy, food and alcohol duty ahead of inflation, coupled with rising pressure on mortgage payments has impacted the level of disposable income available to spend on leisure activities for some of our pub customers. The pressures on disposable income are unlikely to ease for the remainder of the financial year.

The ban on smoking in enclosed public places which took effect in Wales on 2 April 2007 and England on 1 July 2007 has, as expected, impacted upon on-trade beer sales during the winter months. However, both the Group and our licensees were well prepared for the ban and had in the majority of cases completed smoking solutions ahead of the ban coming into force.

Furthermore, the smoking bans have accelerated the pace of change in the industry with ever more focus on improved retail standards and credible food offers. The increase in the rate of decline in on-trade beer sales has now stabilised and we anticipate that on-trade beer sales will return to more established trends as we move into the summer months and pass the one-year anniversary of the smoking bans in England and Wales.

Estate strategy

As at 1 March 2008 we owned 8,449 pubs across the UK, of which 7,581 were operated on a leased basis and 868 under direct management. The average estate size is some 9% smaller than the corresponding period last year following the strategic disposals completed in 2007.

During the 28 weeks under review, we acquired 19 new pubs, transferred 18 from managed to leased and sold 18 non-core pubs.

Over the past two years the estate strategy has focused on improving the quality of both the managed and leased estates through the disposal of non-core pubs and the successful conversion of managed pubs to leased. The result has been a 10% increase in EBITDA per pub for the leased estate and a 4% increase for the managed estate. Over the past two years this has involved the disposal of almost 2,000 non-core pubs and the conversion of over 650 pubs from managed to leased.

Leased estate

This has been another period of resilient trading for the leased estate, once again demonstrating the resilience of this proven model. Overall EBITDA in the leased estate improved by 4% to £259m, with average EBITDA per pub rising 10% over prior year reflecting the fundamentally improved quality of the Group's leased estate.

Our operational strategy continues to be that of supporting our licensees to help them grow and develop their businesses as independent entrepreneurs. The level of support provided by Punch is industry leading with over 4,300 licensee training days completed during the period, an in-house print and design service, almost 300 beer and cider brands available, expanded wine and spirit ranges and the completion of over 750 capital developments in conjunction with our licensees, with Punch having invested some £46m.

Whilst the majority of our licensees have coped well with the changes following the smoking ban, some pubs have taken more time to adapt. We are continuing to support our licensees where appropriate through the use of rent concessions, specific beer discounting schemes and promotional support. Whilst the level of rent concessions has increased in the period, they still represent less than 2% of the total rent roll.

Despite tougher trading conditions, longer term sustainability measures remain strong with 235 rent reviews agreed at an average uplift of 6%, 156 lease renewals with an average uplift of 14% and overdue debt levels remaining at similar levels to this time last year. We are also continuing to see strong licensee investment across the estate.

Interest in the assignment market also continues to be strong with 270 assignments completed at an average premium of £72k. We are also seeing a significant increase in the number of new applicants, from more and more diverse business backgrounds, that are being attracted into the industry following the introduction of the smoking ban.

The leased model continues to be a resilient and extremely attractive business model that shares the risk and delivers strong returns for both Punch and the licensee. Average licensee profitability has increased by 11% to £40k and is c.67% above average full time adult worker earnings, which is encouraging.

Managed estate

Following two years of transformational change within the managed estate in which the best 868 pubs were selected from the 1,912 pubs originally acquired from Spirit and Mill House Inns, the estate is now well positioned to maximise future growth opportunities.

Since the acquisition of the Spirit Group on 5 January 2006 average weekly sales have risen from £13k to £16k and we have invested in excess of £160m on capital investment in the managed estate. A significant proportion of this spend has been focused on improving back of house service delivery and the front of house customer environment. Since acquisition c.80% of the managed estate has received investment and we now have one of the best maintained, highest quality managed estates in the UK. The majority of the benefit of both the reorganisation and investment in Spirit is yet to be realised and therefore Spirit remains a core part of the Group.

The senior management team has been reorganised following the completion of the estate reshaping exercise and the key roles of Retail Director and Marketing Director have both been appointed during the current financial year.

We are already seeing significant improvements in product and service quality measures which are scored by an independent market research company, with improvements in 'mystery customer', 'perfect kitchen' and 'beer experience' scores.

Efficiency improvements are also being seen in the areas of day-part service, through increasing breakfast and mid-afternoon sales, and in capacity management, labour control and energy management. Opportunities remain in these areas and detailed programmes are in place to extract value which will go some way to offsetting the impact of increasing food, energy and regulatory cost pressures.

The Spirit estate has very strong, award-winning retail concepts such as Chef & Brewer and Wacky Warehouse. The estate is well positioned following the completion of the brand rationalisation programme and is now focused on its four key operating divisions and is well placed to capture further growth in the casual dining-out market. The market dynamics of the eating out market continue to look attractive with 2.5% per annum real growth in pub food spend forecast to 2012 (source: Mintel). Spirit is well placed to capitalise on this evolving marketplace and the changing trends will play to our strengths with continued growth in coffee, wine and soft drinks.

In the 28 weeks under review, overall EBITDA for the managed estate was £63m with £38m spent on capital investment. Average EBITDA per pub has grown by 4% with food representing the largest sales category with an industry leading 39% of turnover in the core managed estate.

Financial

Statutory profit for the period amounted to £109m before tax of £22m and included a net exceptional charge of £17m. The net exceptional charge represented one-off primarily redundancy related expenditure of £5m, a £19m charge on the fair value movement of certain interest rate swaps, less a £7m tax credit related to these items. Whilst all of our swaps are effective in matching the cash flows of our floating rate debt, certain swaps do not meet the strict accounting definition of an effective hedge, resulting in fair value movements being taken to the Income Statement as an exceptional item. The charge has no cash impact.

Matthew Clark, the UK's leading independent drinks wholesaler, in which we have a 50% stake, has continued to perform well since acquisition and contributed £2.1m of post-tax earnings to the Group for the 28 weeks to 1 March 2008.

The effective pre-exceptional tax charge in the period of 22% remains below the standard rate of UK corporation tax due to indexation of acquired asset base costs, and is expected to be around this level for the full year.

The nominal value of gross debt at 1 March 2008 was £4,866m, £56m lower than the year end position, following the repayment of the remaining bank loans. Our balance sheet remains very strong, 100% of our debt is at fixed rates of interest at a blended rate of 6.6% and the weighted average life of our securitised debt is 19 years. Our interest cover has increased over the period to above 2.0x (1.9x in the comparative period last year).

There is significant headroom in the financial covenants to each of our three securitisation structures and we have no need to refinance any of our securitised debt.

As disclosed in the January Interim Management Statement, we continue to review all areas of our business to further maximise efficiency across the Group and, where possible, to mitigate the challenges we face. Long-term supply agreements with the majority of our key suppliers have helped to mitigate against significant cost price inflation although certain above-inflation cost pressures remain however, in areas such as energy and utilities. We remain on target to achieve c.£10m of cost savings in the current financial year.

Industry issues

Despite all of the positive lobbying by the industry bodies, it was extremely disappointing to see the level of increase of alcohol duty implemented by the Exchequer. We were particularly disappointed that the Government fails to recognise the important and beneficial role that the pub and traditional brewers make to the British economy and the communities that they serve. We would encourage the Government to do more to safeguard the future of the local pub at the heart of our communities, rather than penalising responsible pub goers and licensees. In the meantime we support the industry's call to ban the Chancellor of the Exchequer from every pub in the land.

Licensing reform in Scotland is progressing to an expected implementation in September 2009. We are in good shape with applications for our leased and managed pubs in Scotland and have been working closely with the local licensing boards and industry bodies to ensure that our applications are processed on time.

We are continuing to work closely with our Industry body, the British Beer and Pub Association (BBPA) on responsible retailing initiatives and are leading the industry in our approach to reducing our carbon footprint. Spirit Group has now installed smart meters in over 800 outlets and is currently replacing the majority of light bulbs in the managed estate with energy efficient bulbs. We have appointed a dedicated carbon team with a remit to reduce our carbon footprint by 17% by 2010 and have been working hard to engage our teams to take positive action.

Recognising that we are operating in a challenging climate, we have been working closely with our licensees to develop new income streams. Punch has been working with The Pub Is the Hub, a national initiative supported by HRH The Prince of Wales, to introduce new facilities in pubs. We now operate pubs with Post Office counters, outlets that serve school meals to local school children and pubs that sell fresh produce to customers. This is all part of our commitment to ensuring that we protect the position of our pubs at the heart of the communities they serve.

Strategy

Our strategy remains the same. It is our intention to continue to build a portfolio of the highest quality group of pubs in the UK. We have put in place the infrastructure to enable our assets to perform to the optimum operating model and will continue to seek opportunities to further increase the quality of our estate and as such, value for shareholders. As part of this process we actively consider acquisition and disposal opportunities that may add further value and we continue to keep all options under review.

We continue to have dialogue with HMRC's sector and REIT specialists to discuss the latest developments within the Pubco REIT arena. Whilst Punch benefits from a low cash tax position in the current financial year, we continue to review opportunities to minimise our future tax burden, including the possibility of conversion to the REIT regime.

Following the successful completion of the managed to leased programme in which over 650 managed pubs were successfully converted to a leased operation, we continue to review opportunities for further value creation from a limited number of additional sites that may be suitable for conversion to the leased format.

Principal risks and uncertainties

The principal risks and uncertainties for the Group have not materially changed from those set out within the Business Review of the 2007 Annual Report which can be viewed on the Group's website www.punchtaverns.com.

Current trading and outlook

Trading into the third quarter of the current financial year has continued broadly in line with that of the second quarter. Whilst in the short-term, trading conditions into the second half of the financial year are likely to remain challenging given the impact of duty increases and continued pressure on disposable incomes, trading comparatives are expected to improve as we move into the summer months and as we pass the first anniversary of the smoking bans in England and Wales.

Punch benefits from an extremely high quality pub estate, which is largely freehold in nature and has the benefit of a prudent long-term financing structure. Whilst the sector is continuing to experience a degree of uncertainty, we remain confident about the medium-term future prospects for our business.

We intend to issue an Interim Management Statement on 7 July 2008 which will contain a further update on trading.

CONSOLIDATED INCOME STATEMENT

for the 28 weeks ended 1 March 2008

	28 weeks to 1 March 2008			28 weeks to 3 March 2007		
	Before exception al items £m	Exceptional Items (note 3) £m	Total £m	Before exceptional items £m	Exceptional items (note 3) £m	Total £m
Revenue	813.5	-	813.5	921.1	-	921.1
Operating costs before depreciation and amortisation	(492.4)	(4.6)	(497.0)	(581.5)	7.0	(574.5)
Share of post-tax profit from joint ventures	2.1	-	2.1	-	-	-
EBITDA¹	323.2	(4.6)	318.6	339.6	7.0	346.6
Depreciation and amortisation	(33.2)	-	(33.2)	(29.4)	-	(29.4)
Operating profit	290.0	(4.6)	285.4	310.2	7.0	317.2
Profit on sale of non-current assets	2.2	-	2.2	2.0	-	2.0
Finance income	9.1	-	9.1	13.2	-	13.2
Finance costs	(168.3)	-	(168.3)	(193.6)	-	(193.6)
Movement in fair value of interest rate swaps	-	(19.2)	(19.2)	-	(0.7)	(0.7)
Profit before taxation	133.0	(23.8)	109.2	131.8	6.3	138.1
UK income tax (charge) / credit (note 4)	(29.2)	7.0	(22.2)	(29.9)	5.6	(24.3)
Profit for the financial period attributable to equity shareholders	103.8	(16.8)	87.0	101.9	11.9	113.8
Earnings per share (note 5)						
Basic (pence)	39.0		32.7	38.5		42.9
Diluted (pence)	38.7		32.4	38.0		42.4
Dividend per share paid or proposed in respect of the period (pence)			5.5			5.1
Total dividend paid or proposed in respect of the period (£m)			14.6			13.5

¹ EBITDA represents earnings before depreciation and amortisation, profit on sale of non-current assets, finance income, finance costs, movement in fair value of interest rate swaps and UK income tax.

CONSOLIDATED INCOME STATEMENT continued
for the 28 weeks ended 1 March 2008

	52 weeks to 18 August 2007		Total
	Before exceptional items £m	Exceptional items (note 3) £m	£m
Revenue	1,704.9	-	1,704.9
Operating costs before depreciation and amortisation	(1,042.9)	(20.3)	(1,063.2)
Share of post-tax profit from joint ventures	1.6	-	1.6
EBITDA¹	663.6	(20.3)	643.3
Depreciation and amortisation	(56.5)	-	(56.5)
Operating profit	607.1	(20.3)	586.8
Profit on sale of non-current assets	3.0	-	3.0
Finance income	20.2	-	20.2
Finance costs	(348.6)	(10.9)	(359.5)
Movement in fair value of interest rate swaps	-	54.2	54.2
Profit before taxation	281.7	23.0	304.7
UK income tax (charge) / credit (note 4)	(57.7)	31.4	(26.3)
Profit for the financial period attributable to equity shareholders	224.0	54.4	278.4
Earnings per share (note 5)			
Basic (pence)	84.4		104.9
Diluted (pence)	82.6		101.2
Dividend per share paid or proposed in respect of the period (pence)			15.3
Total dividend paid or proposed in respect of the period (£m)			40.7

¹ EBITDA represents earnings before depreciation and amortisation, profit on sale of non-current assets, finance income, finance costs, movement in fair value of interest rate swaps and UK income tax.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
for the 28 weeks ended 1 March 2008

	28 weeks to 1 March 2008 £m	28 weeks to 3 March 2007 £m	52 weeks to 18 August 2007 £m
Income and expense recognised directly in equity:			
Actuarial (losses) / gains on defined benefit pension schemes	(4.3)	16.5	26.1
(Losses) / gains on cash flow hedges	(59.2)	12.7	34.0
Tax on equity component of convertible bonds	-	-	9.0
Tax credit related to indexation on revalued properties	3.6	3.6	15.3
	(59.9)	32.8	84.4
Transfers to the income statement:			
On cash flow hedges	2.0	(3.8)	(1.9)
	(57.9)	29.0	82.5
Tax on items taken directly to equity	17.0	(7.7)	(17.5)
Net (loss) / gain recognised directly in equity	(40.9)	21.3	65.0
Profit attributable to shareholders	87.0	113.8	278.4
Total recognised income for the period attributable to equity shareholders	46.1	135.1	343.4

CONSOLIDATED BALANCE SHEET
at 1 March 2008

	1 March 2008 £m	3 March 2007 £m	18 August 2007 £m
Assets			
Non-current assets			
Property, plant and equipment	6,540.2	6,750.7	6,495.5
Goodwill	556.2	557.5	556.2
Intangible assets	152.7	166.1	157.3
Receivables	-	0.7	-
Retirement benefit assets	20.8	4.5	10.4
Deferred tax assets	136.3	180.2	123.7
Investments in joint ventures	40.2	-	38.1
Other investments	3.5	-	3.5
Derivative financial instruments	4.2	6.2	16.1
	7,454.1	7,665.9	7,400.8
Current assets			
Inventories	7.8	9.1	7.9
Trade and other receivables	88.1	104.4	101.8
Current income tax receivables	2.4	-	37.5
Cash deposits used as security for loan notes	14.4	27.1	14.7
Cash and cash equivalents	222.7	365.0	267.7
	335.4	505.6	429.6
Non-current assets classified as held for sale	11.9	10.6	8.2
Total assets	7,801.4	8,182.1	7,838.6
Liabilities			
Current liabilities			
Trade and other payables	(319.3)	(349.4)	(364.5)
Short term borrowings	(61.2)	(552.6)	(62.2)
Current income tax liabilities	-	(9.9)	-
Provisions	(16.3)	(20.2)	(18.1)
	(396.8)	(932.1)	(444.8)
Non-current liabilities			
Borrowings	(4,705.1)	(4,702.6)	(4,771.1)
Convertible bonds	(259.2)	(248.1)	(253.1)
Derivative financial instruments	(172.7)	(178.8)	(113.0)
Deferred tax liabilities	(467.7)	(495.2)	(467.7)
Retirement benefit obligations	(3.1)	(10.2)	(3.7)
Provisions	(32.4)	(61.4)	(41.7)
Other liabilities	(7.3)	(13.8)	(6.6)
	(5,647.5)	(5,710.1)	(5,656.9)
Total liabilities	(6,044.3)	(6,642.2)	(6,101.7)
Net assets	1,757.1	1,539.9	1,736.9
Shareholders' equity			
Called up share capital	0.1	0.1	0.1
Share premium	454.8	453.4	454.7
Equity component of convertible bonds	30.0	21.0	30.0
Hedge reserve	(55.9)	(31.3)	(15.2)
Other reserves	7.6	5.5	6.3
Retained earnings	1,320.5	1,091.2	1,261.0
Total shareholders' equity	1,757.1	1,539.9	1,736.9

CONSOLIDATED CASH FLOW STATEMENT

for the 28 weeks ended 1 March 2008

	28 weeks to 1 March 2008 £m	28 weeks to 3 March 2007 £m	52 weeks to 18 August 2007 £m
Cash flows from operating activities			
Operating profit	285.4	317.2	586.8
Depreciation and amortisation	33.2	29.4	56.5
Decrease in inventories	0.1	3.3	4.5
Decrease in trade and other receivables	14.7	5.3	11.0
Decrease in trade and other payables	(43.5)	(110.6)	(74.0)
Difference between pension contributions paid and amounts recognised in the income statement	(12.7)	(0.4)	(2.7)
Decrease in provisions and other liabilities	(11.6)	(3.9)	(32.6)
Share of post-tax profit from joint venture	(2.1)	-	(1.6)
Cash generated from operations	263.5	240.3	547.9
Income tax received / (paid)	21.1	(10.9)	(18.6)
Net cash from operating activities	284.6	229.4	529.3
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	-	(21.1)	(21.1)
Purchase of property, plant and equipment			
- acquisitions	(22.0)	(54.3)	(81.0)
- investments	(81.6)	(97.6)	(202.1)
Proceeds from sale of property, plant and equipment	18.6	31.9	369.9
Proceeds from sale of other non-current assets	0.7	27.6	32.8
Purchase of intangible assets	(1.9)	(3.6)	-
Proceeds from sale of intangible assets	-	-	1.9
Investment in joint venture	-	-	(36.5)
Net cash (used in) / generated from investing activities	(86.2)	(117.1)	63.9
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital	0.1	1.0	2.3
Proceeds from issue of new loans and borrowings	-	350.0	1,255.0
Issue costs paid	-	(0.3)	(6.7)
Net proceeds on redemption of derivative financial instruments	0.6	-	5.8
Repayment of borrowings	(58.6)	(448.6)	(1,745.9)
Interest paid	(162.8)	(183.7)	(347.5)
Interest received	7.2	10.8	19.6
Repayments of obligations under finance leases	(2.3)	(2.7)	(6.9)
Interest element of finance lease rental payments	(0.7)	(0.8)	(1.6)
Costs of terminating financing arrangements	-	(0.2)	(25.7)
Decrease / (increase) in cash deposits used as security for loan notes	0.3	(11.3)	1.1
Dividends paid	(27.2)	(23.9)	(37.4)
Net cash used in financing activities	(243.4)	(309.7)	(887.9)
Net decrease in cash and cash equivalents	(45.0)	(197.4)	(294.7)
Cash and cash equivalents at beginning of period	267.7	562.4	562.4
Cash and cash equivalents at end of period	222.7	365.0	267.7

NOTES TO THE FINANCIAL STATEMENTS

for the 28 weeks ended 1 March 2008

1. ACCOUNTING POLICIES

Basis of preparation

These interim financial statements have been prepared in accordance with the Disclosure and Transparency rules of the Financial Services Authority and with IAS 34 'Interim Financial Reporting' using, on a consistent basis, the accounting policies set out in the Group's Annual Report and Financial Statements 2007, and which are expected to apply at 23 August 2008.

These interim financial statements are unaudited but have been reviewed by the auditors. The figures for the period ended 18 August 2007 have been extracted from the Annual Report and Financial Statements 2007, which have been filed with the Registrar of Companies and on which the auditors gave an unqualified opinion and did not make any statement under sections 237 (2) or (3) of the Companies Act 1985.

The interim report, which was approved by the Board of Directors on 23 April 2008, does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

The following new standards, interpretations and amendments to published standards are effective for the Group for the financial year beginning 19 August 2007:

- Amendment to IAS 1 'Capital Disclosures'
- IFRS 7 'Financial Instruments: Disclosure'
- IFRIC 10 'Interim Financial Reporting and Impairment'
- IFRIC 11 'Group and Treasury Share Transactions'

The above new standards, interpretations and amendments to published standards have had no material impact on the results or the financial position of the Group for the 28 weeks to 1 March 2008.

2. SEGMENTAL ANALYSIS

	Leased £m	Managed £m	Joint venture £m	Total £m
28 weeks to 1 March 2008¹:				
Revenue	450.8	362.7	-	813.5
Operating costs	(192.3)	(300.1)	-	(492.4)
Share of post-tax profit from joint venture	-	-	2.1	2.1
EBITDA	258.5	62.6	2.1	323.2
Depreciation and amortisation	(10.9)	(22.3)	-	(33.2)
Operating profit	247.6	40.3	2.1	290.0
28 weeks to 3 March 2007¹:				
Revenue	440.0	481.1	-	921.1
Operating costs	(191.5)	(390.0)	-	(581.5)
EBITDA	248.5	91.1	-	339.6
Depreciation and amortisation	(9.4)	(20.0)	-	(29.4)
Operating profit	239.1	71.1	-	310.2
52 weeks to 18 August 2007¹:				
Revenue	845.1	859.8	-	1,704.9
Operating costs	(365.9)	(677.0)	-	(1,042.9)
Share of post-tax profit from joint venture	-	-	1.6	1.6
EBITDA	479.2	182.8	1.6	663.6
Depreciation and amortisation	(17.5)	(39.0)	-	(56.5)
Operating profit	461.7	143.8	1.6	607.1

¹ Pre-exceptional items.

NOTES TO THE FINANCIAL STATEMENTS continued
for the 28 weeks ended 1 March 2008

3. EXCEPTIONAL ITEMS

In order to provide a trend measure of underlying performance, profit is presented excluding items which management consider will distort comparability, either due to their significant non-recurring nature or as a result of specific accounting treatments. Included in the income statement are the following exceptional items:

	28 weeks ended 1 March 2008 £m	28 weeks ended 3 March 2007 £m	52 weeks ended 18 August 2007 £m
Operating			
Redundancy, costs to integrate acquisition of subsidiary and other related one-off costs	(4.6)	(14.5)	(41.8)
Movement on property liabilities ¹	-	21.5	21.5
	(4.6)	7.0	(20.3)
Finance costs			
Cost of terminating financing arrangements	-	-	(10.9)
Movement in fair value of interest rate swaps²	(19.2)	(0.7)	54.2
Total exceptional items before tax	(23.8)	6.3	23.0
Tax			
Tax impact of exceptional items	7.0	6.5	11.7
Adjustments to tax in respect of prior periods	-	(0.9)	1.7
Release of tax provision	-	-	2.5
Tax credit in respect of change in tax rate	-	-	15.5
	7.0	5.6	31.4
Total exceptional items after tax	(16.8)	11.9	54.4

¹ In the prior year, represents the movement in the property liabilities in respect of which the relevant statutory limitation period expired (credit of £27.9m) and provision for rent payments following the reversion of eleven onerous leases to the Group (charge of £6.4m).

² Represents the movement in the fair value of interest rate swaps which do not qualify for hedge accounting. Whilst the interest rate swaps are considered to be effective in matching the amortising profile of existing or planned floating rate borrowings, they do not meet the definition of an effective hedge due to the relative size of the mark to market difference of the swap at the date of acquisition or inception.

4. TAXATION

The effective taxation charge applied in these interim results of 22.7%, before profit on sale of non-current assets, exceptional items and share of post-tax earnings from joint ventures, reflects the estimated tax rate for the 53 weeks ending 23 August 2008. The effective rate of taxation for the comparative period was 23.0%.

The total tax charge of £22.2m (March 2007: £24.3m; August 2007: £26.3m) includes an exceptional tax credit of £7.0m (March 2007: £5.6m; August 2007: £31.4m).

NOTES TO THE FINANCIAL STATEMENTS continued
for the 28 weeks ended 1 March 2008

5. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding those held in the employee share trust, which are treated as cancelled.

Diluted earnings per share is calculated by dividing the earnings attributable to ordinary shareholders (after adding back interest on dilutive convertible bonds) by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options and dilutive convertible bonds).

The equity portion of the convertible bond has been assessed and its impact is not dilutive on both basic earnings and adjusted earnings at 1 March 2008 and 3 March 2007. At 18 August 2007 its impact was dilutive on both basic earnings and adjusted earnings.

Reconciliations of the earnings used in the calculations are set out below:

	28 weeks to 1 March 2008		28 weeks to 3 March 2007		52 weeks to 18 August 2007	
	Earnings £m	Per share amount pence	Earnings £m	Per share amount pence	Earnings £m	Per share amount pence
Basic earnings per share	87.0	32.7	113.8	42.9	278.4	104.9
Effect of dilutive options	-	(0.3)	-	(0.5)	-	(1.2)
Effect of dilutive convertible bonds	-	-	-	-	17.0	(2.5)
Diluted earnings per share	87.0	32.4	113.8	42.4	295.4	101.2
Supplementary earnings per share figures:						
Basic earnings per share	87.0	32.7	113.8	42.9	278.4	104.9
Effect of:						
Exceptional items	16.8	6.3	(11.9)	(4.4)	(54.4)	(20.5)
Basic earnings per share before exceptional items	103.8	39.0	101.9	38.5	224.0	84.4
Diluted earnings per share	87.0	32.4	113.8	42.4	295.4	101.2
Effect of:						
Exceptional items	16.8	6.3	(11.9)	(4.4)	(54.4)	(18.6)
Diluted earnings per share before exceptional items	103.8	38.7	101.9	38.0	241.0	82.6

The impact of dilutive ordinary shares is to increase weighted average shares by 2.1 million (March 2007: 3.2 million; August 2007: 3.1 million) for employee share options and nil (March 2007: nil; August 2007: 23.3 million) for convertible bonds.

	28 weeks to 1 March 2008 No. (000)	28 weeks to 3 March 2007 No. (000)	52 weeks to 18 August 2007 No. (000)
Basic weighted average number of shares	266,125	264,965	265,351
Discretionary Share Plan and SAYE scheme	1,637	2,282	2,157
Long Term Incentive Plan	304	858	881
Deferred Bonus Shares	170	103	105
Potential dilutive impact of convertible bonds	-	-	23,341
Diluted weighted average number of shares	268,236	268,208	291,835

NOTES TO THE FINANCIAL STATEMENTS continued
for the 28 weeks ended 1 March 2008

6. NET DEBT

(a) Analysis of net debt

	1 March 2008	3 March 2007	18 August 2007
	£m	£m	£m
Secured loan notes	(4,583.3)	(4,347.3)	(4,598.5)
Bank loans	-	(674.1)	(43.1)
Convertible bonds ¹	(283.0)	(279.3)	(281.0)
Gross debt	(4,866.3)	(5,300.7)	(4,922.6)
Cash and cash equivalents	222.7	365.0	267.7
Nominal value of net debt	(4,643.6)	(4,935.7)	(4,654.9)
Capitalised debt issue costs	27.5	31.2	29.5
Fair value adjustments on acquisition of secured loan notes	(171.3)	(205.6)	(178.9)
Fair value of interest rate swaps	(168.5)	(172.6)	(96.9)
Balance sheet adjustments to convertible bonds ²	18.2	23.0	21.4
Finance lease obligations	(19.2)	(24.1)	(21.1)
Net debt	(4,956.9)	(5,283.8)	(4,900.9)
Balance sheet:			
Borrowings	(4,766.3)	(5,255.2)	(4,833.3)
Convertible bonds	(259.2)	(248.1)	(253.1)
Derivative financial instruments	(168.5)	(172.6)	(96.9)
Cash deposits used as security for loan notes	14.4	27.1	14.7
Cash and cash equivalents	222.7	365.0	267.7
Net debt	(4,956.9)	(5,283.8)	(4,900.9)

¹ Represents nominal value of convertible bonds of £275m plus subsequent accretion of liability to redemption value on maturity.

² Represents equity component of convertible bonds less subsequent accretion of liability to redemption value on maturity for this equity component.

(b) Analysis of changes in net debt

	At 18 August 2007 £m	Cash flow £m	Non-cash movements £m	At 1 March 2008 £m
Current assets				
Cash at bank and in hand	267.7	(45.0)	-	222.7
Cash deposits	14.7	(0.3)	-	14.4
Cash and cash deposits	282.4	(45.3)	-	237.1
Debt				
Borrowings	(4,818.6)	60.9	5.8	(4,751.9)
Guaranteed loan notes	(14.7)	0.3	-	(14.4)
Derivative financial instruments	(96.9)	(0.6)	(71.0)	(168.5)
Debt component of convertible bonds	(253.1)	-	(6.1)	(259.2)
	(5,183.3)	60.6	(71.3)	(5,194.0)
Net debt per balance sheet	(4,900.9)	15.3	(71.3)	(4,956.9)

Net debt incorporates the Group's borrowings, bank overdrafts, derivative financial instruments and obligations under finance leases, less cash and cash equivalents and cash deposits. The cash deposits are used as security for loan notes.

Non-cash movements relate to amortisation of deferred issue costs and premium on loan notes and convertible bonds, the equity component of convertible bonds and fair value movement in derivative financial instruments.

NOTES TO THE FINANCIAL STATEMENTS continued
for the 28 weeks ended 1 March 2008

7. RECONCILIATION OF MOVEMENTS IN EQUITY

	28 weeks ended 1 March 2008 £m	28 weeks ended 3 March 2007 £m	52 weeks ended 18 August 2007 £m
At beginning of period	1,736.9	1,426.6	1,426.6
Total recognised income and expense for the period	46.1	135.1	343.4
Exercise of share options	-	1.0	2.3
Share-based payments	1.3	1.1	2.0
Equity dividends	(27.2)	(23.9)	(37.4)
Total equity at end of period	1,757.1	1,539.9	1,736.9

8. DIVIDENDS

An interim dividend of 5.5 pence per share (2007 interim: 5.1 pence; 2007 final: 10.2 pence) was declared by the directors on 23 April 2008 and will be payable on 27 June 2008 to shareholders on the register of members on 6 June 2008. These financial statements do not reflect this dividend payable but do reflect the final dividend paid for the 52 weeks ended 18 August 2007 of £27.2m.

9. RELATED PARTY TRANSACTIONS

Balances arising from transactions with joint ventures

During the second half of the prior year the Group acquired fifty percent of Matthew Clark. The Group had transactions of £0.6m with Matthew Clark during the current period (52 weeks to 18 August 2007: £0.1m), all of which was owing to Matthew Clark at the period end (August 2007: £0.1m).

During the period, the Group has paid invoices and raised sales invoices on behalf of Allied Kunick Entertainments Limited which have been recharged via an intercompany account. At 1 March 2008, Allied Kunick Entertainments Limited owed the Group £0.1m (March 2007: nil, August 2007: £0.1m).

	At 1 March 2008 £m	At 3 March 2007 £m	At 18 August 2007 £m
Unsecured loan stock receivable	9.0	8.3	8.6
Amounts owed from / (to) joint ventures	(0.5)	-	-
Total amounts due from joint ventures	8.5	8.3	8.6

All rights, together with the joint venture partner, to receive interest, have been waived.

NOTES TO THE FINANCIAL STATEMENTS continued
for the 28 weeks ended 1 March 2008

10. CAPITAL COMMITMENTS

Capital commitments contracted, but not provided for by the Group, amounted to £13.7m (March 2007: £17.8m, August 2007: £22.2m).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm to the best of their knowledge that this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

On behalf of the Board

Giles Thorley
Chief Executive
23 April 2008

Phil Dutton
Finance Director
23 April 2008

Independent review report to Punch Taverns plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the 28 weeks ended 1 March 2008 which comprises the Consolidated income statement, Consolidated statement of recognised income and expense, Consolidated cash flow statement, Consolidated balance sheet and the related notes 1 to 10. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in ISRE 2410 (UK and Ireland) 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the 28 weeks ended 1 March 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP

Birmingham
23 April 2008