



PUBMASTER HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL REPORT – MARCH 2004 PERIOD

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PUBMASTER HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL REPORT – MARCH 2004 PERIOD

Basis of Preparation

The financial reporting period for Pubmaster Holdings Limited and its subsidiaries ("the Securitised Group") is determined by reference to the original closing date of 30 June 1999.

The consolidated balance sheet of the Securitised Group on page 6 has been prepared adopting Merger Accounting Rules.

The current quarter results represent the 10-week period to 6 March 2004, this shorter period bringing results into line with Punch Taverns' reporting dates. Restated comparative data will be made available on the Punch Taverns website at the end of April 2004.

Quarter end dates for the remainder of this and next financial year, to which future reports will be prepared are as follows:

29 May 2004
21 August 2004
11 December 2004
5 February 2005
28 May 2005
20 August 2005

In the period under review the group acquired 75 pubs from other Pubmistress companies outside the Securitisation group, for a total of £28.4m. This was funded from the proceeds of the sale of 109 pubs to Jedi Inns in December and a further 44 pubs to London and Edinburgh Inns in January. Total proceeds from these sales amounted to £29.3m of which £17.2m was received in this period.

Profit Commentary

Turnover and EBITDA

The major impact on the cumulative results as reported derives from the addition of the New Portfolio to the Securitised Group, with volume, turnover and EBITDA significantly higher than previous year.

EBITDA of £20.9 million for the 10 weeks under review represents 47.8% of turnover (48.8% cumulatively). This compares with 47.0% for the period and 46.1% cumulatively in the quarter ended March last year.

Volumes delivered were 97,300 barrels in the period under review, (394,200 barrels cumulatively, the Inn Partnership estate having been brought into the securitised group on 28 November 2002).

PUBMASTER HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

Debt Service Cover Ratio (DSCR)

This is calculated as follows (see profit and loss account on page 4) :

	<u>10 weeks ending</u> <u>6 Mar 2004</u>	<u>13 weeks ending</u> <u>30 Mar 2003</u>
Number of Pubs at Period End	2,951	3,074
	£'000	£'000
EBITDA	20,913	27,205
Interest payable	11,647	15,695
Interest receivable	(406)	(303)
Capital repayment (see note)	-	2,192
NET INTEREST	11,241	17,584
DSCR - Quarter	1.86 times	1.55 times
- Rolling 2 quarter	1.96 times	1.74 times
- Rolling 4 quarter	1.83 times	1.85 times

The above performance compares favourably with the covenant of 1.5 times - allows dividends to be paid (see upstreaming - page 3).

Note: Following prepayment of Class A1 and A4 notes in September 2003 no capital repayments have been made in this quarter.

Net Worth

This is calculated as follows (see balance sheet on page 6):

	<u>At 6 Mar 2004</u> <u>£m</u>	<u>At 30 Mar 2003</u> <u>£m</u>
Share Capital	84.0	84.0
Profit & Loss Account – Post Merger	24.7	27.1
Add back:		
Amounts written off related to the Scotam transaction	12.0	12.0
Amortisation of issue costs	4.5	5.3
Less tax relief on amortisation of issue costs	(1.3)	(1.6)
Subordinated Borrower Loan (including unpaid interest accrued)	151.0	149.9
TOTAL NET WORTH	274.9	276.7

This compares favourably with the covenant of £115 million at March 2004.

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Upstreaming

The following payments to Pubmaster Group Limited were made after interest payments in accordance with Permitted Restricted Payment terms and the terms of the Subordinated Borrower Loan Agreement:

	<u>10 weeks</u> <u>ending</u> <u>6 Mar 2004</u> <u>£000</u>	<u>13 weeks</u> <u>ending</u> <u>30 Mar 2003</u> <u>£000</u>	<u>36 weeks</u> <u>ending</u> <u>6 Mar 2004</u> <u>£000</u>	<u>39 weeks</u> <u>ending</u> <u>30 Mar 2003</u> <u>£000</u>
Permitted Restricted Payment	-	2,500	9,400	16,300
Amount equal to tax credit available on the interest accrued on the Subordinated Borrower Loans	-	2,038	3,756	3,963
	-	4,538	13,156	20,263

The payment for the quarter ended March 2004 will not be made until 31 March 2004 in line with the terms of the Subordinated Borrower Loan Agreement.

Net cashflow for the 49 weeks to 6 March 2004 amounts to £43.5 million and aggregate Restricted Payments made during that period amount to £11.9 million.

Estate Development

The movement in the number of pubs in the estate is as follows:

Number of Pubs	Core	Non-Core	Total
At 28 December 2003	2,840	83	2,923
Permitted Acquisitions	75	-	75
Permitted Disposals	(43)	(4)	(47)
At 6 March 2004	2,872	79	2,951

The net realisable proceeds from the Permitted Disposals have been deposited into the Churn Account (see page 5).

Capital expenditure in the period amounted to £5.6 million (2003 : £3.4 million), including an order of c£3.9m for Brulines flow monitoring equipment.

PUBMASTER HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

PROFIT AND LOSS ACCOUNT

	<u>10 weeks</u> <u>ending</u> <u>6 Mar 2004</u> <u>£000</u>	<u>13 weeks</u> <u>ending</u> <u>30 Mar 2003</u> <u>£000</u>	<u>36 weeks</u> <u>ending</u> <u>6 Mar 2004</u> <u>£000</u>	<u>39 weeks</u> <u>ending</u> <u>30 Mar 2003</u> <u>£000</u>
Turnover				
Beer Income (see note)	30,560	40,577	121,781	96,816
Rent	10,224	13,508	37,693	28,192
Machine Income	2,394	3,093	8,294	6,970
Other Income	536	650	2,008	1,464
	43,714	57,828	169,776	133,442
Gross Profit	26,511	34,121	101,388	78,190
Operating Costs	(5,598)	(6,916)	(18,603)	(16,702)
EBITDA	20,913	27,205	82,785	61,488
Depreciation	(962)	(1,325)	(3,611)	(3,162)
Loss on sale of assets	(20)	(1,625)	(562)	(4,513)
Exceptional costs	(4,209)	-	(13,179)	-
Interest payable	(16,650)	(22,049)	(60,591)	(46,215)
Interest receivable	406	303	1,165	882
Amortisation of Issue Costs	33	(118)	931	(353)
Profit before Tax	(489)	2,391	6,938	7,218

Note: Beer Income has been restated net of discounts given to tenants. This charge was previously included in cost of sales. The restatement is necessary to bring the presentation into line with the approach adopted by Punch Taverns.

PUBMASTER HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

CASH BALANCES – as at 6 March 2004

CURRENT ACCOUNT

	<u>10 weeks</u> <u>ending</u> <u>6 Mar 2004</u> <u>£m</u>	<u>13 weeks</u> <u>ending 30 Mar</u> <u>2003</u> <u>£m</u>	<u>36 weeks</u> <u>ending</u> <u>6 Mar 2004</u> <u>£m</u>	<u>39 weeks</u> <u>ending</u> <u>30 Mar 2003</u> <u>£m</u>
Opening Balance	45.4	43.9	43.6	16.6
Cash acquired on acquisition of:				
- Inn Partnership Estate	-	-	-	10.5
- Pub.com Estate	-	-	-	0.6
- Pubmaster Taverns	0.4	-	0.4	-
- Pubmaster Midlands	1.0	-	1.0	-
Trading Receipts				
Customers	56.8	64.0	189.9	144.7
Machine Suppliers	3.3	4.1	10.3	8.6
Rebates	17.5	19.6	56.4	43.9
Other Income	0.7	1.3	3.0	4.9
	<u>78.3</u>	<u>89.0</u>	<u>259.6</u>	<u>202.1</u>
Trading Payments				
Beer Suppliers	(50.4)	(62.5)	(153.5)	(113.3)
Other Creditors	(2.6)	(3.3)	(9.4)	(7.7)
Overheads	(5.7)	(5.6)	(15.6)	(13.4)
VAT	(5.0)	(4.6)	(17.1)	(9.8)
Other Payments	(0.3)	(0.6)	(0.9)	(1.6)
	<u>(64.0)</u>	<u>(76.6)</u>	<u>(196.5)</u>	<u>(145.8)</u>
Capital Expenditure				
Funding from Churn Account	3.0	2.9	6.4	6.3
Payment to Creditors (inc. VAT)	(1.8)	(3.0)	(8.5)	(6.9)
	<u>1.2</u>	<u>(0.1)</u>	<u>(2.1)</u>	<u>(0.6)</u>
Cost of Financing				
A4 FRN Debt Repayment	-	(2.2)	(2.2)	(2.2)
A1 FRN Debt Prepayment	-	-	(3.9)	-
A4 FRN Debt Prepayment	-	-	(9.3)	-
Note Interest Paid	(15.3)	(17.6)	(32.8)	(31.3)
Permitted Restricted Payment	(4.7)	(10.8)	(11.9)	(17.3)
Subordinated Loan Interest Paid	(1.9)	(0.9)	(5.5)	(2.7)
Securitisation Fees Paid	-	(5.6)	(0.4)	(11.3)
Bank Interest Received	0.2	0.2	0.6	0.7
	<u>(21.7)</u>	<u>(36.9)</u>	<u>(65.4)</u>	<u>(64.1)</u>
Closing Balance	<u>40.6</u>	<u>19.3</u>	<u>40.6</u>	<u>19.3</u>

CHURN ACCOUNTS

The opening balance for the quarter on churn account was £13.8million and during the period proceeds from the sale of pubs of £17.6million were deposited. £3.0 million was drawn down to fund capital expenditure and £28.2 million was used to fund pub acquisitions.

LIQUIDITY FACILITY

The facility was increased to £135 million on the issue of the First New Notes. No utilisation of this account was made in the period.

PUBMASTER HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

	As at 6 Mar 2004		As at 31 Mar 2003	
	£m	£m	£m	£m
Fixed Assets		997.3		1,006.4
Current Assets				
Assets held for resale		9.7		10.5
Deferred tax asset		16.9		25.3
Debtors		31.2		24.8
Cash at Bank		46.2		26.0
		104.0		86.6
Current Liabilities				
Creditors		(66.9)		(45.0)
Net Current Assets		37.1		41.6
Loan Notes Payable				
Principal		(894.2)		(911.8)
Less Unamortised Costs		3.6		4.5
		(890.6)		(907.3)
Total Assets less Liabilities		143.8		140.7
Share Capital		84.0		84.0
Reserves				
Profit and Loss Account				
- Pre-merger		(36.3)		(36.3)
- Post-merger				
Brought Forward	33.0		24.5	
Period	(8.2)		2.6	
Carried Forward		24.8		27.1
Merger Reserve		(84.0)		(84.0)
		(95.5)		(93.2)
Subordinated Borrower Loan				
Principal		151.3		142.6
Accrued Interest Unpaid		4.0		7.3
		155.3		149.9
		143.8		140.7

FINANCIAL RATIO COMPLIANCE CERTIFICATE

- 1 We hereby certify without incurring any personal liability for the same that for the Financial Period ended 6 March 2004:
 - a) the Debt service cover ratio of 1.86 times and
 - b) the Net worth of £274.9 million

have been calculated on the Agreed Basis, as supported by the detailed calculations set out in this report and in accordance with Clause 15 of the Amended and Restated Issuer/Borrower Facility Agreement dated 28 November 2002.

 - c) No Pubmaster Event of Default or Potential Event of Default (which in either case, has not been previously notified to the Security Trustee) has occurred.
- 2 We hereby confirm that so far as we are aware, without incurring any personal liability for the same as at the date of this report.
 - a) No material amendments have been made to Material Contracts, no Material Contracts have been terminated, no new Material Contracts have been entered into and no Material Contracts have been assigned, and
 - b) no new franchise agreements or licenses have been entered into which we consider, acting in good faith, to be material to the interests of the Issuer and the Security Trustee.

since the date of the last Financial Ratio Compliance Certificate.
- 3 We hereby certify without incurring any personal liability for the same that the aggregate effect of all Relevant Changes during the period from the Closing Date to the 6 March 2004 has not reduced the TA Receivables payable in that financial period by an amount greater than 10 per cent of the Total Contracted Rent amount which would otherwise have been payable but for those Relevant Changes.
- 4 The terms used in the Financial Ratio Compliance Certificate that are not defined herein shall have the meaning given to them in the Master Definitions and Construction Schedule dated 30 June 1999 (amended on 28 November 2002).

R McDonald
Finance Director

N Preston
Director