



PUBMASTER HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL REPORT – MAY 2004 PERIOD

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PUBMASTER HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL REPORT – MAY 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 12-week period to 29 May 2004, this reporting period brings results into line with Punch Taverns' reporting dates. Restated comparative data is available on the Punch Taverns website.

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

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

Profit Commentary

Turnover and EBITDA

EBITDA of £29.5 million for the 12 weeks under review represents 49.5% of turnover (48.9% cumulatively). This compares with 46.9% for the 13 week period and 46.3% for the cumulative 52 weeks ended June last year.

Comparison of results with the prior year are impacted by the increase in the size of the estate in 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>12 weeks ending</u> <u>29 May 2004</u>
Number of Pubs at Period End	2,930
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	£'000
EBITDA	29,487
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Interest payable	14,166
Interest receivable	(269)
Capital repayment (see note)	-
NET INTEREST	13,897
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DSCR - Quarter	2.12 times
- Rolling 2 quarter	2.00 times
- Rolling 4 quarter	1.95 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 29 May 2004</u> <u>£m</u>
Share Capital	84.0
Profit & Loss Account – Post Merger	30.8
Add back:	
Amounts written off related to the Scotam transaction	12.0
Amortisation of issue costs	4.5
Less tax relief on amortisation of issue costs	(1.4)
Subordinated Borrower Loan (including unpaid interest accrued)	157.8
TOTAL NET WORTH	287.7
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This compares favourably with the covenant of £115 million at May 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>12 weeks ending</u> <u>29 May 2004</u> <u>£000</u>	<u>48 weeks ending</u> <u>29 May 2004</u> <u>£000</u>
Permitted Restricted Payment	9,400	18,800
Amount equal to tax credit available on the interest accrued on the Subordinated Borrower Loans	<u>1,904</u>	<u>5,660</u>
	<u>11,304</u>	<u>24,460</u>

The payment for the quarter ended June 2004 will not be made until 29 June 2004 in line with the terms of the Subordinated Borrower Loan Agreement.

Net cashflow for the 48 weeks to 29 May 2004 amounts to £46.9 million (2003: £31.8 million) and aggregate Restricted Payments made during that period amount to £18.8 million (2003: £18.8 million).

Estate Development

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

Number of Pubs	Core	Non-Core	Total
At 6 March 2004	2,872	79	2,951
Permitted Acquisitions	-	-	-
Permitted Disposals	(14)	(7)	(21)
At 29 May 2004	<u>2,858</u>	<u>72</u>	<u>2,930</u>

The net realisable proceeds from the Permitted Disposals have been deposited into the Churn Account.



PUBMASTER HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

PROFIT AND LOSS ACCOUNT

	<u>12 weeks ending</u> <u>29 May 2004</u> £000	<u>35 weeks ending</u> <u>29 May 2004</u> £000
Turnover		
Beer Income (see note)	43,315	119,523
Rent	12,597	36,500
Machine Income	2,773	8,220
Other Income	855	2,171
	59,540	166,414
Gross Profit	35,597	99,657
Operating Costs	(6,110)	(18,336)
EBITDA	29,487	81,321
Depreciation	(1,334)	(3,565)
Loss on sale of assets	(2,247)	(3,050)
Exceptional costs	113	(11,076)
Cash Interest payable	(14,165)	(41,343)
Subordinated loan interest	(6,159)	(17,666)
Cash Interest receivable	269	1,018
Amortisation of Issue Costs	35	369
Profit before Tax	5,999	6,008

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

CONSOLIDATED CASH FLOW

	<u>12 weeks ending</u> <u>29 May 2004</u> <u>£m</u>	<u>35 weeks ending</u> <u>29 May 2004</u> <u>£m</u>
Net Cash Inflow from Operating Activities	24.9	62.2
Returns on Investment and Servicing of Finance		
- Interest Paid	(15.4)	(46.4)
- Interest Receivable	0.4	1.0
	<hr/>	<hr/>
	(15.0)	(45.4)
Taxation	<hr/>	<hr/>
	-	-
Capital Expenditure and Financial Investment		
- Payments to acquire new pubs	-	(28.4)
- Investment spend on Existing Pubs	(4.5)	(9.5)
- Receipt from Sale of Pubs	2.9	34.2
	<hr/>	<hr/>
	(1.6)	(3.7)
Net Cash Inflow/(Outflow Before Financing)	8.3	13.1
Financing		
- Loan repaid	-	(15.4)
- Loans raised	-	-
- Amounts paid to other group undertakings	(11.3)	(24.4)
- Cash acquired with acquisitions	-	1.4
- Issue Costs	-	(0.4)
	<hr/>	<hr/>
	(11.3)	(38.8)
Net Increase/(Decrease) in Cash	<hr/> <hr/>	<hr/> <hr/>
	(3.0)	(25.7)

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

	<u>As at 29 May 2004</u>	
	£m	£m
Fixed Assets		<u>988.8</u>
Current Assets		
Assets held for resale		9.3
Deferred tax asset		16.9
Debtors		32.2
Cash at Bank – Disposal proceeds		2.7
Cash at Bank – Operating Accounts		<u>40.5</u>
		101.6
Current Liabilities		
Creditors		<u>(47.5)</u>
Net Current Assets		<u>54.1</u>
Loan Notes Payable		
Principal		(894.2)
Less Unamortised Costs		<u>3.6</u>
		<u>(890.6)</u>
Total Assets less Liabilities		<u><u>152.3</u></u>
Share Capital		<u>84.0</u>
Reserves		
Profit and Loss Account		
- Pre-merger		(36.3)
- Post-merger		
Brought Forward	24.8	
Period	<u>6.0</u>	
Carried Forward		30.8
Merger Reserve		<u>(84.0)</u>
		<u>(89.5)</u>
Subordinated Borrower Loan		
Principal		153.5
Accrued Interest Unpaid		<u>4.3</u>
		<u>157.8</u>
		<u><u>152.3</u></u>



PUBMASTER HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL RATIO COMPLIANCE CERTIFICATE

- 1 We hereby certify without incurring any personal liability for the same that for the Financial Period ended 29 May 2004:
 - a) the Debt service cover ratio of 2.12 times and
 - b) the Net worth of £287.7 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 29 May 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

July 2004

N Preston
Director