



PUBMASTER FINANCE

FINANCIAL REPORT – DECEMBER 2004 QUARTER

CONTENTS

	<i>Page</i>
Basis of Preparation	2
Profit Commentary	2
Debt Service Cover Ratio	3
Net Worth	4
Upstreaming	4
Estate Development	5
Profit and Loss Account	6
Consolidated Balance Sheet	7
Cashflow	8
Financial Ratio Compliance Certificate	9

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



PUBMASTER FINANCE

FINANCIAL REPORT – DECEMBER 2004 QUARTER

Basis of Preparation

The financial reporting period for Punch Taverns (PMH) Limited (formerly 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 7 has been prepared adopting Merger Accounting Rules.

The current quarter results represent the 16 week period to 11 December 2004

Quarter end dates for the current financial year, to which future reports will be prepared are as follows:

5 March 2005

28 May 2005

20 August 2005

Profit Commentary

Turnover and EBITDA

EBITDA of £38.3 million for the 16 weeks under review represents 50.3% of turnover. This compares with 50.2% for the previous 12 week period to 21 August 2004 and 49.2% for the cumulative 47 weeks ended 21 August 2004.



PUBMASTER FINANCE

FINANCIAL REPORT – DECEMBER 2004 QUARTER

Debt Service Cover Ratio (DSCR)

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

	<u>16 weeks ending</u> <u>11 December 2004</u>
Number of Pubs at Period End	2,915
	<u>£m</u>
EBITDA	38.3
Interest payable	18.8
Interest receivable	(1.0)
Capital repayment (see note)	-
NET INTEREST	17.8
DSCR - Quarter	2.15 times
- Rolling 2 quarter	2.15 times
- Rolling 4 quarter	2.08 times

The above performance compares favourably with the covenant of 1.5 times - allows dividends to be paid (see upstreaming - page 4).

Note: Following prepayment of Class A1 and A4 notes in September 2003 no capital repayments have been made in this quarter. The repayments recommenced on 30th December 2004.



PUBMASTER FINANCE

FINANCIAL REPORT – DECEMBER 2004 QUARTER

Net Worth

This is calculated as follows (see balance sheet on page 7):

	<u>At 11 December</u> <u>2004</u> <u>£m</u>
Share Capital	84.0
Profit & Loss Account – Post Merger	16.8
Add back:	
Amounts written off related to the Scotam transaction	12.0
Amortisation of issue costs	4.6
Less tax relief on amortisation of issue costs	(1.4)
Subordinated Borrower Loan (including unpaid interest accrued)	163.6
TOTAL NET WORTH	<u>279.6</u>

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

Upstreaming

The following payments to Punch Taverns (PMG) Limited were made after interest payments in accordance with Permitted Restricted Payment terms and the terms of the Subordinated Borrower Loan Agreement:

	<u>16 weeks ending</u> <u>11 December 2004</u> <u>£m</u>	<u>27 weeks ending</u> <u>11 December 2004</u> <u>£m</u>
Permitted Restricted Payment	18.8	18.8
Amount equal to tax credit available on the interest accrued on the Subordinated Borrower Loans	<u>2.0</u>	<u>3.9</u>
	<u>20.8</u>	<u>22.7</u>

Net cashflow for the 4 quarters to 11 December 2004 amounts to £53.9 million and aggregate Restricted Payments made during that period amount to £28.2 million.

PUBMASTER FINANCE

FINANCIAL REPORT – DECEMBER 2004 QUARTER

Estate Development

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

Number of Pubs	Core	Non-Core	Total
At 21 August 2004	2,857	70	2,927
Permitted Acquisitions	6	-	6
Permitted Disposals ¹	(18)	-	(18)
At 11 December 2004	<u>2,845</u>	<u>70</u>	<u>2,915</u>

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

¹ 12 pubs were disposed of as a package as part of the acquisition of InnSpired Group Limited by Punch Taverns plc.

PUBMASTER FINANCE

PROFIT AND LOSS ACCOUNT

	16 weeks ending 11 December 2004	47 weeks ending 21 August 2004 ¹
	<u>£m</u>	<u>£m</u>
Turnover		
Beer Income	48.5	143.1
Rent	16.8	49.2
Machine Income	3.5	10.8
Other Income	7.4	21.1
	76.2	224.2
Gross Profit ²		
Beer	23.8	
Rent	16.8	
Machines	3.5	
Other	2.0	
	46.1	134.1
Operating Costs	(7.8)	(23.8)
	38.3	110.3
EBITDA		
Depreciation	(1.4)	(4.6)
Profit on sale of assets	-	(0.5)
Exceptional costs	(0.1)	(18.1)
Cash Interest payable	(18.8)	(55.4)
Subordinated loan interest	(8.5)	(23.9)
Cash Interest receivable	1.0	1.5
Amortisation of Issue Costs	-	0.4
	10.6	9.7
Profit before Tax		
Taxation	(1.9)	(19.3)
	8.7	(9.6)
Profit after Tax		

¹ The profit and loss account for the 47 weeks to 21 August 2004 and the balance sheet as at 21 August 2004 have been restated to include the final revaluation adjustment to fixed assets and for corporation tax. The impact of these adjustments is to increase the loss transferred to reserves by £2.6m and to decrease net assets by £2.6m.

² Additional analysis of gross profit was not previously disclosed.

PUBMASTER FINANCE

CONSOLIDATED BALANCE SHEET

	As at 11 December 2004 <u>£m</u>	As at 21 August 2004 <u>£m</u>
Fixed Assets		
Tangible Fixed Assets	1,231.4	1,228.3
Debtors		
Trade	17.2	18.0
Prepayments	5.7	5.0
Other	-	-
	<u>22.9</u>	<u>23.0</u>
Cash at Bank	61.2	59.4
CURRENT ASSETS	<u>84.1</u>	<u>82.4</u>
Creditors: amounts falling due within one year		
Loans	(23.7)	(17.7)
Trade Creditors	(15.4)	(19.1)
Other Creditors	(7.2)	(7.2)
Corporation Tax	(13.2)	(11.3)
Social Security and Other Taxes	(3.9)	(3.8)
Accruals and Deferred Income	(18.5)	(17.1)
	<u>(81.9)</u>	<u>(76.2)</u>
NET CURRENT ASSETS	2.2	6.2
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,233.6</u>	<u>1,234.5</u>
Creditors: amounts falling due after more than one year		
Loans	(866.8)	(872.9)
Provisions for Liabilities and Charges	(6.7)	(6.9)
Net amounts due from group undertakings	19.4	12.3
NET ASSETS	<u><u>379.5</u></u>	<u><u>367.0</u></u>
Capital and Reserves		
Share Capital	84.0	84.0
Revaluation Reserve	239.6	239.6
Merger Reserve	(84.0)	(84.0)
Subordinated Loan Funding	163.6	159.8
Profit and Loss Reserves	(32.4)	(22.8)
Profit / (Loss) for the period	8.7	(9.6)
TOTAL SHAREHOLDERS' FUNDS	<u><u>379.5</u></u>	<u><u>367.0</u></u>



PUBMASTER FINANCE

CONSOLIDATED CASH FLOW

	16 weeks ending 11 December 2004
	<u>£m</u>
Net Cash Inflow from Operating Activities	38.8
Returns on Investment and Servicing of Finance	
- Interest Paid	(15.5)
- Interest Receivable	1.0
	<hr/> (14.5)
Taxation	<hr/> -
Capital Expenditure and Financial Investment	
- Investment spend on Existing Pubs	(4.4)
- Receipt from Sale of Pubs	2.7
	<hr/> (1.7)
Net Cash Inflow Before Financing	22.6
Financing	
- Amounts paid to other group undertakings	<hr/> (20.8)
Net Increase in Cash	<hr/> <hr/> 1.8



PUBMASTER FINANCE

FINANCIAL RATIO COMPLIANCE CERTIFICATE

- 1 We hereby certify without incurring any personal liability for the same that for the Financial Period ended 11 December 2004:
 - a) the Debt service cover ratio of 2.15 times and
 - b) the Net worth of £279.6 millionhave 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 On 23 December 2004 Punch Taverns (PPCS) Limited, a company within the Punch Taverns group but outside of this securitisation, entered into a two year drinks delivery contract with Carlsberg UK to provide a service to all pubs within the Punch Taverns group. This securitisation receives the benefit of this contract via the existing 'back to back' supply agreement it has with Punch Taverns (PPCS) Limited

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, with the exception of the delivery contract noted above, 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 11 December 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

January 2005