



**PUNCH TAVERNS FINANCE
PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**

FINANCIAL REPORT – QUARTER 2 (MARCH 2008)

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**PUNCH TAVERNS FINANCE
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FINANCIAL REPORT – QUARTER 2 (MARCH 2008)

Introduction

This report covers the 12 week period to 1 March 2008, which is the second quarter of the 2007/08 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 1 March 2008 was £99.2m, of which rent contributed 31.3%, up from 29.5% in the 12 week period to 3 March 2007.

Turnover per pub has increased by 0.6% as compared to the same quarter in the previous year.

- **Gross Profits**

The total gross profit in the 12 week period to 1 March 2008 was £66.8m, which gave a gross profit margin of 67.3%, compared to a gross profit of £66.0m in the second quarter of the prior year.

- **Operating Margin and EBITDA**

Operating margin for the rolling 4 quarters to 1 March 2008 was 59.2% resulting in an EBITDA of £261.1m. This is an increase in operating margin of 2.1% as compared to the rolling 4 quarters to 3 March 2007 when EBITDA was £246.2m.

EBITDA per pub for the rolling 4 quarters is £65,800, up from £61,600 at the same point in 2006/07.



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Estate Portfolio

- During the period, no pubs were acquired or disposed.

	<u>Quarter 2</u> 12 weeks to 1 March 2008	<u>YTD 2007/08</u> 28 weeks to 1 March 2008
Number of Pubs		
Opening	4,032	4,035
Acquisitions	-	-
Other	-	-
Disposals	-	(3)
End of Period	<u>4,032</u>	<u>4,032</u>

Investment in Assets

	<u>Quarter 2</u> 12 weeks to 1 March 2008 <u>£m</u>	<u>YTD 2007/08</u> 28 weeks to 1 March 2008 <u>£m</u>
Spend on existing pubs	6.5	20.4
Spend on other assets	1.3	2.2
Total Spend on Estate	<u>7.8</u>	<u>22.6</u>
Disposal Proceeds¹	<u>0.4</u>	<u>2.7</u>

¹ The proceeds in the current period include £0.4m (Year to date: £0.8m) relating to land and other sales.



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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 1 March 2008 £m	<u>Rolling 2 Quarters</u> 28 weeks to 1 March 2008 £m
EBITDA	<u>60.0</u>	<u>141.0</u>
Interest Payable	33.6	77.9
Interest Receivable	(0.9)	(2.0)
Capital Repayments ¹	7.0	11.5
	<u>39.7</u>	<u>87.4</u>
Debt Service Cover Ratio	1.51:1	1.61:1

¹ Calculated on a forward accruals basis.

Interest and Capital Payments

	<u>Quarter 2</u> 12 weeks to 1 March 2008 £m	<u>YTD</u> 28 weeks to 1 March 2008 £m
Interest Payments		
A1	4.9	9.8
A2	5.1	10.3
A3 (N)	1.9	4.0
B1	2.7	5.3
B2	3.2	6.4
B3	2.9	6.0
C	3.5	7.0
M1	3.0	6.0
M2 (N)	6.5	13.4
D1	2.2	4.6
Swap receipts	(0.7)	(0.8)
Other	1.0	2.0
	<u>36.2</u>	<u>74.0</u>
Capital Repayments		
A3 (N)	<u>7.7</u>	<u>15.2</u>



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Restricted Payments

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

	<u>Relevant Period</u> <u>52 weeks</u> <u>ending 18</u> <u>August 2007</u> <u>£m</u>
Excess Cash	93.4
Less: Capex in relevant period	(59.5)
Add: Capex funded from DPA	0.7
Available Excess Cash Amount	34.6
<hr/>	
Restricted Payment Excess Cash	78.2
Tax due on the accrual of interest on the Borrower Subordinated Loans	30.7
	<hr/> 108.9
Less: Restriction to ensure total does not exceed Available Excess Cash Amount	(74.3)
	<hr/> 34.6 <hr/>
Utilisation to date:	
Q1 2007/08 – Repayment of Borrower subordinated loan accrued interest	20.0
Q2 2007/08 – Repayment of Borrower subordinated loan accrued interest	14.6
	<hr/> 34.6 <hr/>



PUNCH TAVERNS FINANCE
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PROFIT AND LOSS ACCOUNT

	<u>Quarter 2</u> <u>12 weeks</u> <u>to</u> <u>1 March</u> <u>2008</u> <u>£m</u>	<u>YTD</u> <u>28 weeks</u> <u>to</u> <u>1 March</u> <u>2008</u> <u>£m</u>
Turnover		
Beer (net of discounts)	56.2	134.5
Rent	31.1	72.9
Machines	3.2	7.3
Other	8.7	21.0
Total Turnover	<u>99.2</u>	<u>235.7</u>
Gross Profit		
Beer	28.5	68.3
Rent	31.1	72.9
Machines	3.2	7.3
Other	4.0	8.7
Total Gross Profit	<u>66.8</u>	<u>157.2</u>
Operating Costs	(6.8)	(16.2)
EBITDA	<u>60.0</u>	<u>141.0</u>
Loss on Disposal	(1.2)	(2.5)
Depreciation and Amortisation	(2.6)	(6.1)
Exceptional Costs ¹	(0.4)	(0.5)
Cash Interest Receivable	0.9	2.0
Cash Interest Payable	(33.6)	(77.9)
Non-Cash Interest Credit	0.3	0.9
Subordinated Loan Interest	(22.6)	(52.1)
Profit Before Taxation	<u>0.8</u>	<u>4.8</u>
Taxation	(1.1)	(2.7)
Profit After Taxation	<u><u>(0.3)</u></u>	<u><u>2.1</u></u>

¹ Exceptional costs relate to costs incurred on reorganisation of field and central support teams.



PUNCH TAVERNS FINANCE
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CONSOLIDATED BALANCE SHEET

	As at 1 March 2008 £m	As at 18 August 2007¹ £m
Fixed Assets		
Goodwill	(7.5)	(7.7)
Investments	2.1	2.1
Tangible Fixed Assets	2,794.6	2,783.1
	2,789.2	2,777.5
Debtors		
Trade	26.8	27.7
Prepayments	8.8	7.9
	35.6	35.6
Cash at Bank and In Hand	45.5	65.3
CURRENT ASSETS	81.1	100.9
Creditors: amounts falling due within one year		
Loans	(31.0)	(30.0)
Trade Creditors	(3.3)	(7.6)
Other Creditors	(26.9)	(26.5)
Social Security and Other Taxes	(10.3)	(8.8)
Accruals and Deferred Income	(43.6)	(48.3)
	(115.1)	(121.2)
NET CURRENT LIABILITIES	(34.0)	(20.3)
TOTAL ASSETS LESS CURRENT LIABILITIES	2,755.2	2,757.2
Creditors: amounts falling due after more than one year		
Loans	(2,034.4)	(2,049.7)
Accruals and Deferred Income	(0.9)	(1.0)
	(2,035.3)	(2,050.7)
Derivative Financial Instruments	(99.1)	(62.2)
Provisions for Liabilities and Charges	(41.5)	(52.5)
Amounts due from Group Undertakings	541.3	534.8
NET ASSETS	1,120.6	1,126.6
Capital and Reserves		
Share Capital	-	-
Share Premium	2,963.3	2,963.3
Capital Reserve	31.7	32.2
Hedge Reserve	(54.9)	(27.5)
Intercompany Funding ²	(2,987.9)	(2,987.9)
Revaluation Reserve	437.3	437.6
Subordinated Loan Funding	653.2	635.7
Profit and Loss Reserves ¹	77.9	73.2
TOTAL SHAREHOLDERS' FUNDS	1,120.6	1,126.6

¹ The prior year figures have been restated to reflect the implementation of FRS 26 'Financial Instruments: Measurement, the revaluation of fixed assets and the finalisation of the year end tax position. The impact of these adjustments has been to increase net assets by £95.0m, being -£14.8m FRS 26, £86.5m revaluation, £25.0m taxation and -£1.7m accruals.

² Represents Punch Taverns (PR) Limited intercompany balances with Punch Taverns (PRAF) Limited and Punch Retail (PRAC) Limited.



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CONSOLIDATED CASH FLOW

	<u>Quarter 2</u> 12 weeks to 1 March 2008 £m	<u>YTD 2007/08</u> 28 weeks to 1 March 2008 £m
Operating profit	57.4	134.9
Depreciation and amortisation	2.6	6.1
Cash flows on exceptional items	(2.1)	(2.2)
Decrease / (increase) in working capital	1.8	(14.6)
Net Cash Inflow From Operating Activities	<u>59.7</u>	<u>124.2</u>
Returns on Investment and Servicing of Finance		
Interest paid	(36.2)	(74.0)
Interest received	1.0	2.1
	<u>(35.2)</u>	<u>(71.9)</u>
Taxation Payments	-	-
Capital Expenditure and Financial Investment		
Payments to acquire new pubs	-	-
Investment spend on fixed assets	(7.8)	(22.6)
Receipt from sale of fixed assets	0.4	2.7
	<u>(7.4)</u>	<u>(19.9)</u>
Net Cash Inflow Before Financing	<u>17.1</u>	<u>32.4</u>
Financing		
Loans repaid	(7.7)	(15.2)
Amounts paid to other group undertakings	(14.8)	(37.0)
	<u>(22.5)</u>	<u>(52.2)</u>
NET DECREASE IN CASH	<u>(5.4)</u>	<u>(19.8)</u>



**PUNCH TAVERNS FINANCE
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FINANCIAL RATIO COMPLIANCE CERTIFICATE

To: Security Trustee

1. We, Phil Dutton and Neil Preston each being a director of Punch Taverns (PTL) Limited **HEREBY CERTIFY** without incurring any personal liability for the same, that for the Financial Quarter just ended:

- (a) the Debt Service Cover Ratio for the period of two Financial Quarters ending on 1 March 2008 was 1.61 : 1
- (b) for the purposes of calculating the above, the following values were relevant for the Financial Quarter just ended:

	Relevant Period 28 weeks to 1 March 2008
Debt Service (£m)	£87.4m
Interest Charges (£m)	£77.9m
EBITDA (£m)	£141.0m

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

Outlet EBITDA	£63.8m																					
The average and final balance of each of the Securitisation Group Entity Accounts:	<table border="1"> <thead> <tr> <th></th> <th align="center">Average Balance (£m)</th> <th align="center">Final Balance (£m)</th> </tr> </thead> <tbody> <tr> <td>Acquisition Reserve A/c</td> <td align="center">0.1</td> <td align="center">0.1</td> </tr> <tr> <td>Disposal Proceeds A/c</td> <td align="center">1.9</td> <td align="center">0.7</td> </tr> <tr> <td>Controlled Cash A/c</td> <td align="center">20.1</td> <td align="center">20.1</td> </tr> <tr> <td>Stamp Duty Reserve A/c</td> <td align="center">-</td> <td align="center">-</td> </tr> <tr> <td>Collections A/c</td> <td align="center">35.5</td> <td align="center">29.4</td> </tr> <tr> <td>Payments A/c</td> <td align="center">(7.7)</td> <td align="center">(5.0)</td> </tr> </tbody> </table>		Average Balance (£m)	Final Balance (£m)	Acquisition Reserve A/c	0.1	0.1	Disposal Proceeds A/c	1.9	0.7	Controlled Cash A/c	20.1	20.1	Stamp Duty Reserve A/c	-	-	Collections A/c	35.5	29.4	Payments A/c	(7.7)	(5.0)
	Average Balance (£m)	Final Balance (£m)																				
Acquisition Reserve A/c	0.1	0.1																				
Disposal Proceeds A/c	1.9	0.7																				
Controlled Cash A/c	20.1	20.1																				
Stamp Duty Reserve A/c	-	-																				
Collections A/c	35.5	29.4																				
Payments A/c	(7.7)	(5.0)																				
CapEx Amounts expended	£7.0m for the quarter (Minimum Maintenance CapEx Amount required of £4.6m per annum)																					
Number of Punch Taverns Mortgaged Properties disposed of or acquired	Disposals – 0 Acquisitions – 0																					
Number of Pubs in Portfolio	4,032																					
Weighted Average Return on all CapEx Amounts spent on all trading Pubs (in accordance with clause 16.8(c) of IBFA)	15.7%																					



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Free Cash Flow	Not tested this quarter
Excess Cash	Not tested this quarter
Restricted Payment Excess Cash	Not tested this quarter
Net Worth	Not tested this quarter

- (d) 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 Security Trustee) has occurred;
- 2. In accordance with Clause 16.1(o) of the Issuer/Borrower Facility Agreements, we confirm that:
 - (a) no material amendments made to the Material Contracts since the Fourth Closing Date;
 - (b) no Material Contracts entered into since the Fourth Closing Date;
 - (c) there have been no new franchise agreements and licences which we consider, acting in good faith, to be material to the interests of the Issuer and the Security Trustee.

Dated: 15 April 2008

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

.....
Finance Director

.....
Director