



## PUBMASTER FINANCE

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### FINANCIAL REPORT – AUGUST 2004 PERIOD

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## PUBMASTER FINANCE

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### FINANCIAL REPORT – AUGUST 2004 PERIOD

#### 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 6 has been prepared adopting Merger Accounting Rules.

The current quarter results represent the 12 week period to 21 August 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 next financial year, to which future reports will be prepared are as follows:

11 December 2004  
5 March 2005  
28 May 2005  
20 August 2005

#### Change of name

On 2<sup>nd</sup> September 2004 a written resolution was passed to change the name of Pubmaster Holdings Limited to Punch Taverns (PMH) Limited.

#### Profit Commentary

##### Turnover and EBITDA

EBITDA of £29.0 million for the 12 weeks under review represents 50.2% of turnover. This compares with 49.5% for the previous 12 week period to 29 May 2004 and 49.2% for the cumulative 47 weeks ended 21 August 2004.

## PUBMASTER FINANCE

### Debt Service Cover Ratio (DSCR)

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

	<u>12 weeks ending</u> <u>21 August 2004</u>
Number of Pubs at Period End	2,927
	£'000
<b>EBITDA</b>	<b>29,003</b>
Interest payable	14,091
Interest receivable	(516)
Capital repayment (see note)	-
<b>NET INTEREST</b>	<b>13,575</b>
<b>DSCR - Quarter</b>	<b>2.14 times</b>
<b>- Rolling 2 quarter</b>	<b>2.13 times</b>
<b>- Rolling 4 quarter</b>	<b>2.05 times</b>

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 21 August</u> <u>2004</u> £m
Share Capital	84.0
Profit & Loss Account – Post Merger	8.2
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)	159.8
<b>TOTAL NET WORTH</b>	<b>267.2</b>

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

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#### Upstreaming

The following payments to Punch Taverns (PMG) Limited (formerly 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>21 August 2004</u> <u>£000</u>	<u>52 weeks ending</u> <u>30 June 2004</u> <u>£000</u>
Permitted Restricted Payment	-	18,800
Amount equal to tax credit available on the interest accrued on the Subordinated Borrower Loans	<u>1,948</u>	<u>7,608</u>
	<u>1,948</u>	<u>26,408</u>

Net cashflow for the 47 weeks to 21 August 2004 amounts to £48.8 million and aggregate Restricted Payments made during that period amount to £14.1 million.

#### Estate Development

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

<b>Number of Pubs</b>	<b>Core</b>	<b>Non-Core</b>	<b>Total</b>
<b>At 29 May 2004</b>	<b>2,858</b>	<b>72</b>	<b>2,930</b>
Permitted Acquisitions	-	-	-
Permitted Disposals	(1)	(1)	(2)
Other	-	(1)	(1)
<b>At 21 August 2004</b>	<u><b>2,857</b></u>	<u><b>70</b></u>	<u><b>2,927</b></u>

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

## PUBMASTER FINANCE

### PROFIT AND LOSS ACCOUNT

	<u>12 weeks ending</u> <u>21 August 2004</u> <u>£m</u>	<u>47 weeks ending</u> <u>21 August 2004</u> <u>£m</u>
<b>Turnover</b>		
Beer Income	37.1	143.1
Rent	12.6	49.2
Machine Income	2.6	10.8
Other Income	5.5	21.1
	57.8	224.2
Gross Profit	34.5	134.1
<b>Operating Costs</b>	(5.5)	(23.8)
	29.0	110.3
<b>EBITDA</b>	29.0	110.3
Depreciation	(1.0)	(4.6)
Profit/Loss on sale of assets	2.6	(0.5)
Exceptional costs (see note 1)	(5.1)	(16.1)
Cash Interest payable	(14.1)	(55.4)
Subordinated loan interest	(6.2)	(23.9)
Cash Interest receivable	0.5	1.5
Amortisation of Issue Costs	-	0.4
	5.7	11.7
<b>Profit before Tax</b>	5.7	11.7

Note 1: Exceptional costs include fair value adjustments and other costs arising following the acquisition of the securitised group by Punch Taverns Plc. The principal fair value adjustments were in respect of:

- revaluation of fixed assets
- provision for onerous leases
- additional provision for bad debts

## PUBMASTER FINANCE

### CONSOLIDATED CASH FLOW

	<u>12 weeks ending</u> <u>21 August 2004</u> <u>£m</u>	<u>47 weeks ending</u> <u>21 August 2004</u> <u>£m</u>
<b>Net Cash Inflow from Operating Activities (note 1)</b>	<b>34.4</b>	<b>96.6</b>
<b>Returns on Investment and Servicing of Finance</b>		
- Interest Paid	(15.4)	(61.8)
- Interest Receivable	0.4	1.4
	<u>(15.0)</u>	<u>(60.4)</u>
<b>Taxation</b>	<u>-</u>	<u>-</u>
<b>Capital Expenditure and Financial Investment</b>		
- Payments to acquire new pubs	-	(28.4)
- Investment spend on Existing Pubs	(2.4)	(11.9)
- Receipt from Sale of Pubs	1.2	35.4
	<u>(1.2)</u>	<u>(4.9)</u>
<b>Net Cash Inflow Before Financing</b>	<b>18.2</b>	<b>31.3</b>
<b>Financing</b>		
- Loan repaid	-	(15.4)
- Loans raised	-	-
- Amounts paid to other group undertakings	(2.0)	(26.4)
- Cash acquired with acquisitions	-	1.4
- Issue Costs	-	(0.4)
	<u>(2.0)</u>	<u>(40.8)</u>
<b>Net Increase/(Decrease) in Cash</b>	<b><u>16.2</u></b>	<b><u>(9.5)</u></b>

Note 1: Net cash inflow from Operating Activities is stated net of exceptional payments made of £4.3 million.

### 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 FINANCE

### CONSOLIDATED BALANCE SHEET

	<u>As at 21 August 2004</u>	
	£m	£m
<b>Fixed Assets</b> (Note 1)		<u>1,228.3</u>
<b>Current Assets</b>		
Assets held for resale		4.9
Deferred tax asset		1.8
Debtors		23.1
Cash at Bank – Disposal proceeds		3.9
Cash at Bank – Operating Accounts		<u>55.5</u>
		89.2
<b>Current Liabilities</b>		
Creditors		<u>(57.3)</u>
<b>Net Current Assets</b>		<u>31.9</u>
<b>Loan Notes Payable</b>		
Principal		(894.2)
Less Unamortised Costs		<u>3.6</u>
		<u>(890.6)</u>
<b>Total Assets less Liabilities</b>		<u><u>369.6</u></u>
<b>Share Capital</b>		<u>84.0</u>
<b>Reserves</b>		
Profit and Loss Account		(28.1)
Revaluation Reserve		237.9
Merger Reserve		<u>(84.0)</u>
		125.8
<b>Subordinated Borrower Loan</b>		
Principal		155.7
Accrued Interest Unpaid		<u>4.1</u>
		<u>159.8</u>
		<u><u>369.6</u></u>

Note 1: Fixed assets are inclusive of unaudited provisional revaluation adjustments of £237.8 million following from a change in accounting policy.



## PUBMASTER FINANCE

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### FINANCIAL RATIO COMPLIANCE CERTIFICATE

- 1 We hereby certify without incurring any personal liability for the same that for the Financial Period ended 21 August 2004:
  - a) the Debt service cover ratio of 2.14 times and
  - b) the Net worth of £267.2 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 21 August 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).

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*R McDonald*  
**Finance Director**

October 2004

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*N Preston*  
**Director**