26 May 2011

Preliminary results
for the 53 weeks ended 4 April 2011

Highlights

	2011 £000	+ / -
Revenue	**142,597**	+11.8%
Adjusted operating profit*	**21,746**	+7.1%
Adjusted profit before tax*	**20,819**	+7.2%
Profit before tax	**15,258**	-17.0%
Adjusted basic earnings per share*	**32.65p**	+13.7%
Basic earnings per share	**36.97p**	+42.2%
Dividend per share (interim and recommended final)	**13.26p**	+2.0%

- Good performance across all areas of the business;
- Managed house revenue increased 13.2% to £127.8 million, with same outlet like for like revenue up 1.9%, and operating profit up 11.1%;
- Better occupancy and room rates have driven RevPar (revenue per available room) up 14.2% at £44.11 and hotel revenues up 15.2%;
- Tenanted business like for like revenue up 1.2%, and operating profit up 1.9%;
- Solid performance at Wells & Young's;
- £60.0 million acquisition of Geronimo in December 2010 fits well with our premium London managed houses expansion strategy; integration progressing as planned;
- Net debt increased by £60.0 million to £122.6 million, reflecting Geronimo acquisition; balance sheet remains robust;
- Progressive dividend policy maintained; proposed 2.0% increase in the final dividend to 6.90 pence per share, resulting in a total dividend for the year of 13.26 pence (2010: 13.00 pence);
- Very strong trading in managed estate in first seven weeks of current year, up 34.2% in total (including Geronimo) and up 8.8% on a like for like basis.

* Adjusted to exclude exceptional items.

Stephen Goodyear, Chief Executive of Young's, commented:

"This has been a productive and exciting year for Young's both with the trading improvements we are seeing in our business and the acquisition of Geronimo in December.

"Despite the ongoing backdrop of constrained consumer spending, the group has delivered a good set of results for the period whilst retaining our premium position and has seen strong momentum since the year end.

"We continued to invest in our managed and tenanted pubs during the period, and our recent investment in our hotel business is now clearly bearing fruit.

"Overall, Young's is in very good shape. The integration of Geronimo is proceeding as planned and the synergies we envisaged at the time of the acquisition are coming through. Our strategy is focussed on developing our existing sites to their full potential, whether as a Young's or Geronimo pub, and on continuing to grow our managed estate. We are very excited about the potential for both brands.

"Although consumer spending is likely to remain under pressure in the near term, we are cautiously optimistic about the outlook for the current year as a whole. Overall, we believe that the quality and growth potential of our estate will help us to mitigate the effect of what remains a very fragile economic recovery"

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This has been a productive and exciting year for Young's both with the trading improvements we are seeing in our business and the acquisition of Geronimo in December.

Revenue was up 11.8% at £142.6 million and adjusted profit before tax up 7.2% at £20.8 million. Profit before tax, before any adjustments, was £15.3 million. We generated like for like revenue and profit increases across both our managed and tenanted estates, and have seen very encouraging growth from our hotel business, in which we have made considerable recent investment.

The £60.0 million acquisition of Geronimo in December fits well with our growth strategy and our focus on premium London managed houses. It represents a step change in the size of our estate, and introduces new growth opportunities to us. Geronimo's management team is staying with Young's and we are pleased that Rupert Clevely, Geronimo's co-founder, has joined the Young's board as an executive director. I would like to say a particular thank you to the head office teams; a core number worked tirelessly on the acquisition, but everyone has contributed to the effective integration of the businesses.

In addition to the acquisition of the 26 existing Geronimo pubs, we opened two new pubs, acquired three further pubs, and made four disposals. We therefore finished the year with 246 pubs in total, up 27 from last year.

Our well invested pub portfolio is deliberately targeted at discerning customers who value our premium offering of food, cask ales, wine and leading lager brands all served in a welcoming ambience.

We are recommending a 2.0% increase in the final dividend to 6.90 pence per share, resulting in a total dividend for the year of 13.26 pence (2010: 13.00 pence). The final dividend, if approved, will be paid on 14 July 2011 to shareholders on the register at the close of business on 10 June 2011.

Business review

Managed houses

We began the financial year with 120 managed pubs and 26 more were added with the Geronimo acquisition in December. We opened the Dial Arch in the Woolwich Arsenal and the Surprise in Chelsea, and acquired the Lass O' Richmond Hill and the Lion and Unicorn in Kentish Town; the latter began trading under the Geronimo brand just after the year end. In addition the Coach and Horses in Isleworth and the Queens in Primrose Hill were transferred from our tenanted operations, resulting in an estate of 149 managed pubs at the end of the financial year.

Revenue, with the benefit of these extra pubs, increased 13.2% to £127.8 million and operating profit increased by 11.1% to £29.2 million. Next year's results will benefit from a full year of trading from these acquisitions.

Same outlet like for like revenue in a challenging market was up 1.9%, operating profit was 4.6% ahead of last year at £27.6 million and EBITDA was 3.8% better at £34.4 million, with average EBITDA before rents per same outlet managed house of £302,000.

Liquor and food sales were both ahead of last year on a like for like basis, but the biggest growth has come from our hotel business. The rewards from our hotel rebranding, recent investments in room upgrades, websites, online booking and revenue management systems are now evident. Better occupancy and room rates have driven RevPar (revenue per available room) up 14.2% at £44.11 and accommodation revenue up 15.2%.

The Alma, our boutique hotel opposite Wandsworth Town train station, opened in December. It has already proved popular with customers and has received some fantastic press reviews from leading national newspapers. It is achieving the high occupancy and room rates anticipated and the pub is also demonstrating strong growth since the development was completed.

In total we invested £12.6 million in the Young's managed estate. Of this £3.6 million was invested in our two new managed pubs and £5.5 million on our existing ones with the major investments at the Alexandra in Wimbledon, Dolphin in Betchworth, Bishop out of Residence in Kingston, Coach and Horses in Isleworth and finishing the Cooper's Arms in Chelsea. £3.5 million was invested in our hotels; this included the major investment at the Alma but also work carried out at the Alexander Pope in Twickenham, Bridge in Greenford, Windmill on Clapham Common and a major project at the Red Lion in Radlett. A further £3.4 million was spent on Geronimo pubs post acquisition. This included acquiring the Lion and Unicorn, a freehold in Kentish Town and developing the Surprise, a leasehold in Chelsea. In addition we bought the freehold interest in the Crown, a leasehold property Geronimo operated on the edge of Victoria Park in Bow.

Developments undertaken in the year to March 2010, which have now completed their first full year post development, based on an increase in EBITDA, demonstrate a 26.9% return on investment. The acquisition of Geronimo brings Young's a new, parallel and growing concept, targeting a different but complementary demographic. Geronimo has achieved strong organic growth over recent years and its management team has a proven ability in rolling out their successful format in a range of different retail locations. In particular it brings greater experience in operating at high footfall locations, with pubs at Heathrow Airport, St. Pancras International Train Station and the Westfield London Shopping Centre in Shepherd's Bush. Their track record of identifying excellent pubs in prime locations underpins Geronimo's long term growth potential. For the 16 weeks since acquisition, the Geronimo business has traded well and in line with our expectations.

From the consumers' point of view, the Young's and Geronimo pubs will be run separately, but there are clear benefits from shared ways of working, purchasing and people development and combining the relative strengths of online marketing and brand support. The focus will be on developing sites to their full potential, whether as a Young's or Geronimo pub, and ensuring those pubs in close geographical proximity have a clear point of difference.

With more and more customers using the internet to search for places to eat, drink and stay, we continue to drive our marketing strategy online, with over 470,000 registered customers. All of our pubs are easily accessed online through www.youngs.co.uk, www.geronimo-inns.co.uk or through individual pub sites. With two out of every three people using social media platforms, Facebook and Twitter are proving another successful means to attract and retain customers. Social media is also fuelling a new generation's interest in cask ale as more advertising campaigns use these platforms to engage drinkers. In December, we launched our new hotels website, www.youngshotels.co.uk, which offers guests a simple facility to engage with our hotels, book rooms and choose additional services online and this will drive online traffic across the group. This will be increasingly important to ensure that Young's takes full advantage of the tourist market as we enter an important period for London with the Queen's Diamond Jubilee and the Olympic Games, both in the summer of 2012.

With a myriad of styles, flavours and colours, cask beer remains the perfect product for consumers seeking out a more interesting drink. Cask ale continues to outperform the overall beer market and once more the excellent range of ales provided by Wells & Young's has been complemented by our "Local Heroes" campaign. This rotating range of guest ales has refreshed our cask ale offer by introducing more choice and the opportunity to experiment with new brands. A focus on staff training and sampling initiatives has ensured that more and more people are rediscovering cask ale.

The final and most important ingredient to running successful pubs is people. We pride ourselves on recruiting the best people in the industry and on the learning and development opportunities we provide, and our "Passport to Management" scheme has resulted in us promoting over 40% of our managers from within the company. Our head office, Riverside House, is a BII accredited centre where we run many industry recognised courses, focusing on customer care, staff development, product knowledge, business planning, as well as ensuring that we are compliant with the highest standards of health and safety, food hygiene and other legislation. Training also plays a pivotal role, combining skill sets to support pub mangers as and when they open their pubs following a major refurbishment or following an acquisition.

The climax of the year for our retail staff is our annual Award Ceremony. Held every March, it recognises the talent we have within our business. For the second year running, Oisin Rogers at the Ship in

Wandsworth won our Retail Manager of the Year award, recognising another excellent performance at this remarkable pub. We would like to take this opportunity to thank all of our staff across the business for their hard work throughout 2011.

Tenanted houses
At the end of the year our tenanted estate comprised 97 pubs. Nonetheless, revenue and operating profit were marginally ahead at £14.4 million and £5.4 million respectively. Like for like performance was up 1.2% in terms of sales and 1.9% in operating profit.

The tenanted market is undoubtedly proving much tougher than the managed one in the current economic climate with high vacancy rates suffered by many of our peers. Whilst it is not immune, our southern, principally London estate, provides some protection from the worst impact of these problems, and all our tenanted pubs are open for business, due mainly to the flexible packages we offer. Wells & Young's continues to provide an excellent range of beer brands complemented by a broader selection of guest ales. The wine range has been extended and has driven volume improvements. The training courses we provide centrally have also proved popular with tenants.

This year we invested in total £1.5 million on a number of our existing pubs and £0.8 million on one new acquisition, the White Hart in Witley. This year's developments included the Abercorn Arms in Teddington, Queen's Arms in Kilburn and the Grand Union pub in Wandsworth and each has made a promising start post investment.

We disposed of the Cock Inn in Boughton Monchelsea, Wheatsheaf in Wandsworth and the Shakespeare in Richmond, and we transferred two sites to the managed estate.

Wells & Young's
Wells & Young's, our 40% brewing associate, has had a good year and has contributed £2.6 million to Young's adjusted profit before tax. Its future profitability will be impacted, as previously reported, by the management of the Corona Extra and Red Stripe brands moving back to their respective brand owners. Wells & Young's is now focused on driving its own brands and focusing on operational efficiencies in order to minimise any profit shortfall, whilst remaining open to bringing new brands into the business where the terms are attractive.

Investment and finance
Revenue increased 11.8% to £142.6 million driven by a combination of organic growth, individual acquisitions and from 16 weeks' benefit of Geronimo's trade. Operating profit before exceptional items grew by 7.1% to £21.7 million. Geronimo is expected to have a much bigger impact on next year's profits when it will have traded for a full twelve months and as the benefit of combining the head offices and the other synergies work through.

In addition to the £60.0 million we invested in acquiring Geronimo, we invested a further £15.2 million on our existing business and £3.4 million on Geronimo post acquisition. We disposed of four pubs for £3.3 million at a profit of £0.5 million.

At the end of the year, our net debt increased by £60.0 million to £122.6 million, primarily the result of the Geronimo acquisition. Our year end debt benefited from a positive material working capital movement which will reverse next year. Interest costs were £1.3 million higher at £4.0 million, a direct result of the increased debt for the 16 weeks since the acquisition.

Profit before tax was £15.3 million and basic earnings per share were 36.97p but, once adjusted for exceptional items, grew by 7.2% to £20.8 million and by 23.8% to 32.65p respectively. Our trading performance underpins the proposed 2.0% increase in the final dividend per share of 6.90p. The total dividend for the year is 13.26p, an increase of 2.0% which is covered 2.5 times by the adjusted profit.

We have adjusted the profit for the following £5.0 million of exceptional costs (£4.9 million in Young's and £0.1 million in our associate, Wells & Young's) of which £1.9 million are non cash:

• Acquisition costs of £2.0 million include legal and professional fees and stamp duty incurred on the purchase of Geronimo, the Lass O'Richmond Hill, White Hart in Witley and the Lion and Unicorn in Kentish Town. These have been written off as operating exceptional items in the current year due to the adoption of IFRS 3: Business combinations (Revised).

• Integration costs of £1.1 million which are one-off items of expenditure incurred in order to combine the Geronimo business with that of Young's.

• Hotel project fees of £0.2 million that related to extensive work carried out to identify opportunities at selected pubs. We have been successful in identifying specific opportunities and obtained planning permission to develop them; where this was not the case, a decision to write off the research costs was taken. These are the last of such costs.

• The capital gains tax provision of £0.2 million for the shares held in the Employee Share Ownership Scheme. A liability is recognised at each balance sheet date for the potential capital gains tax that could arise on the disposal of shares to the members of the scheme on retirement.

• A non cash £1.9 million impairment in pub values and a £0.5 million profit on sales of the Parrot in Canterbury, Cock Inn in Boughton Monchelsea, Shakespeare in Richmond and the Wheatsheaf in Wandsworth.

As a result of deficit reduction contributions from the company, good investment performance and favourable membership movements, our pension deficit improved during the course of the year by £6.5 million. At the year end, the deficit was £7.6 million (2010: £14.1 million).

The acquisition of Geronimo was financed with a new £100 million five year bank facility with The Royal Bank of Scotland and Barclays. These new facilities comprise a new £50 million term loan and a £50 million revolving credit facility that replaces our existing £40 million one. These new facilities sit alongside our existing longer dated £50 million term loan. We have entered into some additional interest rate swaps; together, our swaps effectively fix our interest rates at just below 5.0% on £100 million of our debt. With gearing of 67.6% and our interest costs covered 5.2 times by our operating profit before exceptional items and with our net debt equal to 3.6 times our EBITDA, Young's has a robust balance sheet following the acquisition and a sound long term financing package in place.

Corporate and social responsibility

As ever, Young's corporate and social responsibilities are taken very seriously.

We encourage regular dialogue between our pub managers and their local residents as part of our determination to be at the heart of each community we trade in and we openly support initiatives aimed at promoting the responsible management and operation of alcohol licensed premises.

In order to encourage responsible consumption of alcohol, we are working towards all of our managed houses operating the Challenge 21 scheme. This scheme requires customers to provide proof that they are 18 or over if they wish to purchase alcohol. In addition, where appropriate, most promotional material we use within our pubs carries clear and concise messages about sensible drinking. The vast majority of our pub managers attend conflict management courses so that they are able to handle any difficult situations with professionalism and diligence.

In March this year, as part of the Government's Public Health Responsibility Deal, we signed up to various alcohol and health at work measures designed to help improve public health. We recognise the role that the alcohol industry has to play here and look forward to playing our part.

We are continually looking to reduce the impact our operations can have on the environment. Particular focus this year has been on recycling where we have once again increased the number of managed houses that actively recycle food, glass and mixed waste. We have continued to work on reducing our carbon footprint and have now replaced ordinary light bulbs with low-energy ones in the majority of our managed pubs and half-hour electricity meters have been installed in all of them.

A positive safety culture exists within the group. With help from an accredited outside consultant, regular health and safety checks are performed in our managed estate, leading to a safe and secure environment for our customers and staff.

Current trading and outlook

The current year, our 180th, will bring a full year's benefit from last year's investments, in particular the acquisition of Geronimo, offset by the related extra interest costs. The managed trade for the first seven weeks has been very strong, benefiting from the spring weather, up 34.2% in total (including Geronimo) and up 8.8% on a like for like basis.

We have three new sites expected to open in the current year. The Cow in the new Westfield shopping centre in Stratford is due to open as a Geronimo pub in September and is well located to take full advantage of the following year's Olympics. The Plough at Clapham Junction and the Wheatsheaf in Borough Market are due to re-open as Young's managed houses in the second half of the year.

Overall, we believe that the quality and growth potential of our estate will help us to mitigate the effect of what remains a very fragile economic recovery.

I would like to finish by recognising the outstanding contribution made to Young's over four decades by Chris Sandland, our Chairman who retires this summer. Chris took on the role of Chairman in 2006 at a pivotal time in our development, and has led us very successfully into a new era. I know that shareholders, my fellow board members, and colleagues from across the company will want to join me in thanking him for everything he has done for Young's over the past 37 years, and to wish him a very long and happy retirement. Looking ahead, I am delighted that Nick Bryan has agreed to succeed Chris as Chairman. He is extremely experienced, has played a hugely valuable role as a non-executive director over the past five years, and I am very much looking forward to continuing to work with him in the future.

Stephen Goodyear
Chief Executive
25 May 2011

Group income statement

For the 53 weeks ended 4 April 2011

	Notes	**2011 53 weeks £000**	2010 52 weeks £000
Revenue		**142,597**	127,539
Operating costs before exceptional items		**(120,851)**	(107,232)
Operating profit before exceptional items		**21,746**	20,307
Operating exceptional items	3	**(4,883)**	(234)
Operating profit		**16,863**	20,073
Share of associate's profit before exceptional items and tax		**2,642**	1,960
Share of associate's exceptional items	3	**(141)**	(529)
Share of associate's tax expense		**(537)**	(284)
Share of associate's post tax profit		**1,964**	1,147
Profit before interest		**18,827**	21,220
Finance costs		**(4,015)**	(2,675)
Finance revenue		**9**	1
Other finance income/(charge)		**437**	(170)
Profit before tax		**15,258**	18,376
Taxation	4	**(2,390)**	(5,858)
Recognition of rollover claim	4	**4,945**	-
Profit for the period		**17,813**	12,518
Attributable to			
Shareholders of the parent		**17,827**	12,518
Non controlling interest		**(14)**	-
		17,813	12,518
		Pence	Pence
Earnings per 12.5p ordinary share			
Basic and diluted	7	**36.97**	26.00

All of the results above are from continuing operations.

Group statement of comprehensive income

For the 53 weeks ended 4 April 2011

	Notes	**2011 53 weeks £000**	2010 52 weeks £000
Profit for the period		**17,813**	12,518
Other comprehensive income			
Actuarial gain/(loss) on retirement benefit schemes		**3,228**	(3,990)
Hedging reserve fair value movement of interest rate swap		**282**	508
Tax on above components of other comprehensive income	4	**(1,455)**	1,408
Associate's actuarial loss (net of deferred tax) on retirement benefit schemes		**(678)**	(334)
		1,377	(2,408)
Total comprehensive income		**19,190**	10,110
Attributable to			
Shareholders of the parent		**19,204**	10,110
Non controlling interest		**(14)**	-
		19,190	10,110

Group balance sheet

At 4 April 2011

	2011 £000	Restated 2010 £000	Restated 2009 £000
Non current assets			
Goodwill	**20,426**	-	-
Property and equipment	**320,204**	262,964	263,298
Investment in associate	**15,273**	13,942	13,094
Other financial asset	**600**	600	600
	356,503	277,506	276,992
Current assets			
Inventories	**2,143**	1,705	1,702
Trade and other receivables	**4,887**	4,321	4,742
Cash	**2,332**	1,575	1,519
	9,362	7,601	7,963
Non current assets classified as held for sale	**-**	2,573	797
Total assets	**365,865**	287,680	285,752
Current liabilities			
Borrowings	**(2,672)**	(2)	(2)
Trade and other payables	**(26,181)**	(17,695)	(18,798)
Income tax payable	**(1,758)**	(2,037)	(1,705)
	(30,611)	(19,734)	(20,505)
Non current liabilities			
Borrowings	**(122,275)**	(64,205)	(67,207)
Derivative financial instruments	**(4,008)**	(4,290)	(4,798)
Deferred tax	**(19,862)**	(16,716)	(17,278)
Retirement benefit schemes	**(7,592)**	(14,121)	(11,753)
	(153,737)	(99,332)	(101,036)
Total liabilities	**(184,348)**	(119,066)	(121,541)
Net assets	**181,517**	168,614	164,211
Capital and reserves			
Share capital	**6,028**	6,028	6,028
Share premium	**1,274**	1,274	1,274
Other reserves	**1,808**	1,808	1,946
Hedging reserve	**(2,966)**	(3,089)	(3,455)
Investment in own shares	**-**	-	(38)
Retained earnings	**175,388**	162,593	158,456
Equity attributable to equity shareholders of parent	**181,532**	168,614	164,211
Non controlling interest	**(15)**	-	-
Total equity	**181,517**	168,614	164,211

The comparative figures for 2010 and 2009 have been restated as detailed in note 1.

Group statement of changes in equity
At 4 April 2011

	Notes	Share capital(1) £000	Other reserves £000	Hedging reserve £000	Investment in own shares £000	Retained earnings £000	Total equity attributable to equity shareholders £000	Non controlling interest £000	Total equity £000
At 29 March 2009 as previously stated		**7,302**	**1,946**	**(3,455)**	**(38)**	**158,456**	**164,211**	**-**	**164,211**
Prior period adjustment to deferred tax liability, relating to capital allowances		-	-	-	-	1,190	1,190	-	1,190
Prior period adjustment to deferred tax liability, relating to associate		-	-	-	-	(1,190)	(1,190)	-	(1,190)
At 29 March 2009 as restated		**7,302**	**1,946**	**(3,455)**	**(38)**	**158,456**	**164,211**	**-**	**164,211**
Total comprehensive income									
Profit for the period		-	-	-	-	12,518	12,518	-	12,518
Other comprehensive income									
Actuarial loss on retirement benefit schemes		-	-	-	-	(3,990)	(3,990)	-	(3,990)
Fair value movement of interest rate swap		-	-	508	-	-	508	-	508
Tax on above components of other comprehensive income	4	-	-	(142)	-	1,550	1,408	-	1,408
Associate's actuarial loss (net of deferred tax) on retirement benefit schemes		-	-	-	-	(334)	(334)	-	(334)
		-	-	366	-	(2,774)	(2,408)	-	(2,408)
Total comprehensive income		-	-	366	-	9,744	10,110	-	10,110
Transactions with owners recorded directly in equity									
Dividends paid on equity shares	5	-	-	-	-	(6,206)	(6,206)	-	(6,206)
Allocation of shares to employees		-	-	-	38	419	457	-	457
Transfer of share based payment reserve		-	(138)	-	-	138	-	-	-
Share based payments by associate		-	-	-	-	42	42	-	42
		-	(138)	-	38	(5,607)	(5,707)	-	(5,707)
At 29 March 2010		**7,302**	**1,808**	**(3,089)**	**-**	**162,593**	**168,614**	**-**	**168,614**
Total comprehensive income									
Profit for the period		-	-	-	-	17,827	17,827	(14)	17,813
Other comprehensive income									
Actuarial gain on retirement benefit schemes		-	-	-	-	3,228	3,228	-	3,228
Hedging reserve fair value movement of interest rate swap		-	-	282	-	-	282	-	282
Tax on above components of other comprehensive income	4	-	-	(159)	-	(1,296)	(1,455)	-	(1,455)
Associate's actuarial loss (net of deferred tax) on retirement benefit schemes		-	-	-	-	(678)	(678)	-	(678)
		-	-	123	-	1,254	1,377	-	1,377
Total comprehensive income		-	-	123	-	19,081	19,204	(14)	19,190
Transactions with owners recorded directly in equity									
Dividends paid on equity shares	5	-	-	-	-	(6,327)	(6,327)	-	(6,327)
Share based payments by associate		-	-	-	-	41	41	-	41
Acquisition of businesses		-	-	-	-	-	-	(1)	(1)
		-	-	-	-	(6,286)	(6,286)	(1)	(6,287)
At 4 April 2011		**7,302**	**1,808**	**(2,966)**	**-**	**175,388**	**181,532**	**(15)**	**181,517**

(1) Total share capital comprises the share capital issued and fully paid of £6,028,000 (2010: £6,028,000) and the share premium account of £1,274,000 (2010: £1,274,000).
The comparative figures for 2010 and 2009 have been restated as detailed in note 1.

Group statement of cash flow

For the 53 weeks ended 4 April 2011

	Notes	**2011 53 weeks £000**	Restated 2010 52 weeks £000
Operating activities			
Net cash generated from operations	8	**29,743**	26,940
Interest received		**9**	1
Tax paid		**(4,357)**	(4,680)
Net cash flow from operating activities		**25,395**	22,261
Investing activities			
Sales of property and equipment		**3,316**	1,005
Purchases of property and equipment		**(18,614)**	(10,819)
Business combinations, net of cash acquired		**(60,000)**	-
Net cash used in investing activities		**(75,298)**	(9,814)
Financing activities			
Interest paid		**(3,753)**	(3,185)
Equity dividends paid	5	**(6,327)**	(6,206)
Increase/(decrease) in borrowings		**58,073**	(3,000)
Increase in short term borrowings		**2,667**	-
Net cash flow from / (used in) financing activities		**50,660**	(12,391)
Increase/(decrease) in cash		**757**	56
Cash at the beginning of the period		**1,575**	1,519
Cash at the end of the period		**2,332**	1,575

The comparative figures for 2010 have been restated as detailed in note 1.

Notes

1. Accounts

This preliminary announcement was approved by the board on 25 May 2011. The financial statements in it are not the group's statutory financial statements. The statutory financial statements for the year ended 29 March 2010 have been delivered to the Registrar of Companies. The auditor has reported on those financial statements (and on the statutory financial statements for the year ended 4 April 2011, which are expected to be delivered to the Registrar of Companies shortly). Both audit reports were unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the reports and did not contain any statement under s.498(2) or (3) of the Companies Act 2006.

This preliminary announcement has been agreed with the company's auditor for release.

The audited financial information in this statement has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. The accounting policies used have been consistently applied and are described in full in the statutory financial statements for the year ended 4 April 2011, which are expected to be mailed to shareholders on or before 15 June 2011. The financial statements will also be available on the group's website, www.youngs.co.uk.

Restatement

The group balance sheet and statement of changes in equity at 29 March 2010 and 29 March 2009 have been restated in respect of the following adjustments:

i. Deferred tax relating to the group's investment in its associate, Wells & Young's Brewing Company Limited, has been reassessed. The deferred tax liability of £2,320,000 has been reclassified from deferred tax liabilities to investment in associate, and increased to £3,510,000.

ii. Following reassessment, the deferred tax liability relating to capital allowances has been reduced, and retained earnings increased, by £1,190,000.

The parent company balance sheet and statement of changes in equity at 29 March 2010 and 29 March 2009 have been restated in respect of ii above.

The adjustments relate to periods prior to the period commencing on 30 March 2008 and do not impact the income statements in any of the periods presented.

Adoption of amendments to IAS 17 leases

The standard was effective for accounting periods beginning on or after 1 January 2010. The amendment makes it possible to classify a lease of land as a finance lease if it meets the criteria for that classification under IAS 17. In particular, if, at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset, it is possible that a lease of land will be a finance lease.

The impact of retrospectively adopting the amendments to IAS 17 was the reclassification of land previously classified as prepaid operating lease premiums, both non current and current, of £6,336,000 at 29 March 2010 and £6,002,000 at 29 March 2009 to finance leased assets within property and equipment in the group and parent company balance sheets. In addition, a finance lease asset and liability relating to the present value of minimum lease payments of £388,000 at 29 March 2010 and at 29 March 2009 was recorded within property and equipment and borrowings respectively. This also impacted the group and parent company statements of cash flow in that prepayments of operating lease premiums have been reclassified within purchases of property and equipment. Although the restatement had no effect on the group's income statement or statement of comprehensive income, certain notes have been restated to reflect the reclassification of these leases as finance leases.

2. Segmental reporting

The group is organised into the reporting segments referred to below. These segments are based on the different resources and risks involved in the running of the group. The executive board of the group internally reviews each reporting segment's operating profit or loss before exceptional items for the purpose of deciding on the allocation of resources and assessing performance. The segments shown below are the group's operating segments.

Managed houses – operate pubs. Revenue is derived from sales of drink, food and accommodation.

Tenanted houses – pubs owned or leased by the company and leased or sub leased to third parties. Revenue is derived from rents payable by, and sales of drink made to, tenants.

There were inter segment revenue of £95,000 between the segments in the current year (2010: £nil) which has been eliminated on consolidation. Inter segment sales are charged at current market prices. The group's revenue is derived entirely from the UK.

Income statement **2011 - 53 weeks**	**Managed houses £000**	**Tenanted houses £000**	**Segment total £000**	**Unallocated £000**	**Total £000**
Segment revenue	**127,836**	**14,392**	**142,228**	**369**	**142,597**
Depreciation and amortisation	**(8,353)**	**(1,223)**	**(9,576)**	**(455)**	**(10,031)**
Operating profit before exceptional items	**29,228**	**5,387**	**34,615**	**(12,869)**	**21,746**
2010 - 52 weeks					
Segment revenue	112,915	14,282	127,197	342	127,539
Depreciation and amortisation (restated)	(6,814)	(1,185)	(7,999)	(700)	(8,699)
Operating profit before exceptional items	26,314	5,354	31,668	(11,361)	20,307

The following is a reconciliation of the operating profit before exceptional items, to the profit before tax:

	2011 £000	2010 £000
Operating profit before exceptional items	**21,746**	20,307
Operating exceptional items	**(4,883)**	(234)
Share of associate's post tax profit	**1,964**	1,147
Finance costs	**(4,015)**	(2,675)
Finance revenue	**9**	1
Other finance income/(charge)	**437**	(170)
Profit before tax	**15,258**	18,376

The comparative figures for 2010 have been restated as detailed in note 1.

3. Exceptional items

(a) Operating exceptional items

	2011 53 weeks £000	2010 52 weeks £000
Amounts included in operating profits:		
Acquisition costs	**(2,040)**	-
Integration costs	**(1,142)**	-
Impairment of properties	**(1,882)**	-
Hotel project fees written off	**(195)**	-
Capital gains tax on ESOP allocated shares	**(166)**	12
Profit on sales of properties	**542**	421
Profit sharing scheme compensation	**-**	(1,350)
Pension scheme settlement gain	**-**	900
Pension schemes merger costs	**-**	(217)
	(4,883)	(234)
Exceptional tax:		
Tax attributable to above adjustments	**729**	(691)
Recognition of rollover claim	**4,945**	-
Change in corporation tax rate	**1,394**	-
	7,068	(691)
	2,185	(925)

Acquisition costs include legal and professional fees and stamp duty incurred on the purchase of Geronimo Group Limited, Lass O'Richmond Hill, White Hart in Witley, and the Lion and Unicorn in Kentish Town. These have been written off as operating exceptional items in the current year due to the adoption of IFRS 3: Business Combinations (Revised).

Integration costs are one off items of expenditure incurred in order to combine the Geronimo business with that of Young's. It includes severance pay, outplacement and training costs for employees' whose positions became redundant, compensation for terminated contracts, the write off of obsolete equipment and the related professional fees on all of the above.

Hotel project fees relate to extensive work carried out to identify opportunities at selected pubs. The group has been successful in identifying specific opportunities and obtained planning permission to develop them; where this had not been the case, the research costs have been written off.

The capital gains tax on ESOP allocated shares relates to the shares held within the Ram Brewery Trust II on behalf of the now closed profit sharing scheme. A liability is recognised at each balance sheet date for the potential capital gains tax that could arise on the disposal of shares to the members of the scheme on retirement.

The profit on sales of properties relates to the difference between the cash, less selling costs, received from the sale of the Parrot in Canterbury, Cock Inn in Boughton Monchelsea, Shakespeare in Richmond and the Wheatsheaf in Wandsworth and the carrying value of the assets on the date of sale.

In the prior period, the profit sharing scheme compensation relates to a payment, part cash and part shares, made to members in connection with them giving up their rights to receive an annual profit share allocation under the scheme for the period ended 29 March 2010 and for future periods. The pension scheme settlement gain in the prior period relates to the members who have left the scheme. Pension scheme merger costs in the prior period relate to the legal and actuarial fees relating to the merger of the three defined benefit schemes into one, the Young & Co.'s Brewery, P.L.C. Pension Scheme.

(b) Share of associate's exceptional items

	2011 **53 weeks** **£000**	2010 52 weeks £000
Amounts included in operating profits:		
Product recall	**(113)**	-
Corona exit costs	**(52)**	-
Reorganisation costs	**(22)**	(121)
Fair value movement on foreign exchange forward contracts	**23**	(564)
Fair value movement on interest rate swaps	**23**	156
	(141)	(529)
Exceptional tax:		
Tax attributable to above adjustments	**40**	149
	(101)	(380)

Wells & Young's Brewing Company Limited experienced unusually high numbers of bottle breakages arising from faulty bottles. The affected products were recalled and destroyed. It has insurance cover in place which is expected to cover such events but subject to an excess. Young's share of this excess is £113,000.

As a result of the termination of the Corona distribution contract and subsequent restructuring, Wells & Young's Brewing Company Limited incurred legal, redundancy and other contract exit costs. This period, reorganisation costs consist mainly of redundancy payments relating to IT restructuring.

In addition, with such volatility in the foreign exchange and financial markets, there have been movements in the fair value of foreign exchange and interest rate contracts this period. These have been recorded as exceptional.

4. Taxation

Group income statement	2011 53 weeks £000	2010 52 weeks £000
Current tax		
Current tax expense (excluding associate)	**(4,631)**	(4,827)
Adjustment in respect of current tax of prior periods	**553**	(185)
	(4,078)	(5,012)
Deferred tax		
Recognition of rollover claim	**4,945**	-
Origination and reversal of temporary differences	**555**	(287)
Adjustment in deferred tax rate from 28% to 26%	**1,394**	-
Adjustment in respect of prior periods	**(261)**	(559)
	6,633	(846)
Tax credit / (expense)	**2,555**	(5,858)
Presented in the income statement as follows:		
Taxation	**(2,390)**	(5,858)
Recognition of rollover claim	**4,945**	-
Tax credit / (expense)	**2,555**	(5,858)

All operations are continuing.

Group and company statement of comprehensive income		
Deferred tax		
Retirement benefit schemes	**(904)**	1,117
Property revaluation – movement due to indexation	**-**	433
Interest rate swaps	**(79)**	(142)
Adjustment in deferred tax rate from 28% to 26%	**(472)**	-
Tax (expense) / credit	**(1,455)**	1,408

Group income statement - deferred tax		
Capital allowances	**265**	57
Impairment of properties	**189**	-
Property revaluation and disposals	**6,754**	(816)
Other tax provisions	**23**	174
Utilisation of tax losses	**(154)**	-
Retirement benefit schemes	**(444)**	(261)
Total deferred tax credit / (expense)	**6,633**	(846)

For the period ended 4 April 2011, property revaluation and disposals included the reduction in the deferred tax liability by £4,945,000, arising from the allocation of rolled over capital gains to specific assets in August 2010 and the subsequent claim to HMRC.

5. Dividends on equity shares

	2011 53 weeks Pence	2010 52 weeks Pence	2011 53 weeks £000	2010 52 weeks £000
Final dividend (previous period)	**6.76**	6.63	**3,260**	3,197
Interim dividend (current period)	**6.36**	6.24	**3,067**	3,009
	13.12	12.87	**6,327**	6,206

In addition, the board is proposing a final dividend in respect of the period ended 4 April 2011 of 6.90p per share at a cost of £3,327,000. If approved, it is expected to be paid on 14 July 2011 to shareholders who are on the register of members at the close of business on 10 June 2011.

6. Adjusted profit before tax

The table below shows how adjusted group profit before tax has been arrived at. This alternative performance measure has been provided as the board believes that it gives a useful additional indication of the group's underlying performance.

	2011 53 weeks £000	2010 52 weeks £000
Profit before tax	**15,258**	18,376
Operating exceptional items - group	**4,883**	234
Share of associate's exceptional items	**141**	529
Share of associate's tax expense	**537**	284
	20,819	19,423

7. Earnings per 12.5p ordinary share

(a) Earnings

	2011 53 weeks £000	2010 52 weeks £000
Profit attributable to equity holders of the parent company	**17,827**	12,518
Operating exceptional items	**4,883**	234
Share of associate's operating exceptional items	**141**	529
Tax attributable to above adjustments	**(769)**	542
Recognition of rollover relief claim	**(4,945)**	-
Change in corporation tax rate	**(1,394)**	-
Adjusted earnings after tax	**15,743**	13,823

	Number	Number
Basic and diluted weighted average number of ordinary shares in issue	**48,224,000**	48,140,410

(b) Basic and diluted earnings per share

	Pence	Pence
Basic and diluted	**36.97**	26.00
Effect of exceptional items and other adjustments listed above	**(4.32)**	2.71
Adjusted basic and diluted	**32.65**	28.71

The basic earnings per share figure is calculated by dividing the net profit before the non controlling interest for the period attributable to ordinary shareholders, by the weighted average number of ordinary shares in issue during the period.

Adjusted earnings per share are presented to eliminate the effect of the exceptional items, and the tax attributable to those items on basic and diluted earnings per share. For the period to 4 April 2011 adjusted earnings per share specifically excludes the £4,945,000 deferred tax credit that arose on the recognition of the rollover claim.

8. Net cash generated from operations and analysis of net debt

	2011 53 weeks £000	Restated 2010 52 weeks £000
Profit before tax on continuing operations	**15,258**	18,376
Net finance cost	**4,006**	2,674
Other finance (income)/charge	**(437)**	170
Share of associate's post tax result	**(1,964)**	(1,147)
Operating profit on continuing operations	**16,863**	20,073
Depreciation	**10,031**	8,699
Impairment of property	**1,882**	-
Profit on sales of properties	**(542)**	(421)
Pension scheme settlement gain	**-**	(900)
Difference between pension service cost and cash contributions paid	**(2,864)**	(892)
Allocation of shares to employees	**-**	457
Provision for capital gains tax on ESOP allocated shares	**166**	(12)
Movements in working capital		
Inventories	**25**	4
Receivables	**257**	507
Payables	**3,925**	(575)
Net cash generated from operations	**29,743**	26,940

Analysis of group net debt

	2011 £000	2010 £000
Cash	**2,332**	1,575
Loan capital and finance leases	**(124,947)**	(64,207)
Net debt	**(122,615)**	(62,632)

The comparative figures for 2010 have been restated as detailed in note 1.