



24 November 2011

**INTERIM RESULTS**  
**For the 26 weeks to 3 October 2011**

<b>Highlights</b>	<b>2011</b>	
	<b>£000</b>	<b>+ / -</b>
Revenue	<b>£90,468</b>	+33.6%
Adjusted operating profit*	<b>£15,006</b>	+21.2%
Adjusted profit before tax*	<b>£12,454</b>	+10.5%
Loss before tax**	<b>-£16,097</b>	-247.3%
Net cash generated from operations	<b>£14,671</b>	+34.2%
Adjusted basic earnings per share*	<b>18.73p</b>	+10.7%
Basic earnings per share**	<b>-30.09p</b>	-206.7%
Interim dividend per share	<b>6.68p</b>	5.0%
Net assets per share	<b>£6.43</b>	76.6%

\* Excludes exceptional items such as the £29.1 million non-cash adjustment to the income statement resulting from recent estate revaluation.

\*\* Includes exceptional items referred to above.

- Very encouraging results, driven by combination of last December's Geronimo acquisition, very good trading from existing pub estate, and strong growth in hotels' profit;
- Managed house revenue up 37.9% and operating profits up 23.1%;
- Managed house like for like revenue (which excludes Geronimo) up 4.0% and Geronimo like for like revenues up 12.6%;
- £11.6 million invested in managed houses includes three new outlets: the Cow in the new Westfield shopping centre, Stratford and the Lion & Unicorn in Kentish Town (both Geronimo), and the Plough at Clapham Junction (Young's);
- Further strong growth from hotels business, with 23 rooms added to the Alma in December 2010; accommodation sales up 21.9% and RevPAR up 14.3%;
- Recent estate revaluation resulted in £174.0 million net uplift in book value to £497.4 million, but an exceptional £29.1 million non-cash adjustment to the income statement;
- Robust balance sheet with net debt of £124.5 million, with interest cover of 5.2 times, despite acquisition of Geronimo and continued investment in the business;
- Interim dividend increased for 15<sup>th</sup> consecutive year, up 5.0%;
- Very positive start to the second half year, with managed house revenue in first seven weeks up 45.1% in total and up 5.4% on a like for like basis (which excludes Geronimo's 6.8% like for like sales growth).

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

*"This has been an extremely encouraging six months for Young's. Our estate has traded very well, the acquisition of Geronimo is proving to be every bit the success we expected, and our hotels business has shown further strong growth.*

*"Our decision to focus on an estate of premium managed houses, primarily in London and the south of England, is clearly paying off and will help to insulate us against the worst of any further economic downturn. We anticipate a healthy pipeline of opportunities, using our balance sheet strength, to grow further in line with this strategy.*

*"Trading performance in the early weeks of the second half has continued in a positive vein, and we remain confident in our ability to deliver further long term growth in shareholder value."*

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## **Preliminary results for the 26 weeks to 3 October 2011**

The combination of last December's Geronimo acquisition and good trading from our existing estate has resulted in a very encouraging set of interim results. Revenue was up 33.6% and operating profit was up 21.2% once adjusted for exceptional items. Profit before tax and exceptional items was up 10.5% at £12.5 million.

We continue to focus on our premium strategy, primarily in London and the south of England. With this in mind, we have invested £12.2 million in our estate, part funded by disposals and cash generated from operations. At the period end we had an estate of 245 pubs: 152 managed and 93 tenanted.

During the summer, our estate was revalued by Colliers (Chartered Surveyors) at £497.4 million, resulting in a large net uplift of £174.0 million to its book value. Individual uplifts in value are reflected in the revaluation reserve in the balance sheet; individual falls in value are accounted for through the income statement (as required under current accounting standards). We therefore now have a revaluation reserve of £203.1 million (£157.5 million when net of deferred tax) and have made an exceptional £29.1 million non-cash fair value adjustment via our income statement. The result for the period is a loss before tax of £16.1 million.

Net debt at the period end was £124.5 million, interest cover was 5.2 times and our gearing, following the large increase in value resulting from the revaluation, was 40.1%.

In August we sold our stake in Wells & Young's for £15.1 million. The disposal was in line with our strategy of focusing on our core trade of managed houses, and will enable Wells & Young's to continue developing its brewing interests, including Young's ales.

After another good trading performance, and in light of our strong financial and strategic position, the board has decided to raise the interim dividend for the 15th consecutive year. A dividend of 6.68 pence per share, an increase of 5.0%, is expected to be paid on 16 December 2011 to shareholders on the register at the close of business on 2 December 2011.

## **Business review**

### Managed houses

The managed operation, which comprises 106 Young's pubs, 16 hotels and 30 Geronimo pubs, had a very successful six months. This was against a mixed backdrop of excellent weather at the start and end of the period, the Royal Wedding weekend festivities in April, the London riots in August and the continued challenging economic conditions.

Total managed house revenue was up 37.9% and operating profit was up 23.1%, driven by the Geronimo acquisition and the good performance of the underlying business. Managed house like for like sales, which exclude Geronimo, were up 4.0%. Geronimo like for like sales, which will not form part of our total like for like sales until the next financial year, were up 12.6% compared with the corresponding period which pre-dated our ownership. Overall sales growth, combined with tight cost control, has mitigated some of the additional rates and utility cost burden, and raw material inflation which increased our cost of goods.

During the period, we invested £11.6 million in our managed houses. £3.2 million was spent on three new outlets: the Cow in the new Westfield shopping centre in Stratford, and the Lion and Unicorn, a freehold in Kentish Town, were both opened under our Geronimo offer while the Plough at Clapham Junction, a new design format, was added to the Young's estate. The early success of the Plough is further proof, alongside the development of the Dial Arch in Woolwich and the Riverside in Vauxhall, of our ability to introduce creative and effective formats specifically geared to different localities and demographics. We disposed of the George in Fulham, as it was not achieving an appropriate return. The Half Moon in Putney, which was transferred from our tenanted operation at the end of the period, is due to reopen under our Geronimo offer next week. The Jones Gang will relaunch this iconic music pub in their inimitable style on 6 December.

£8.4 million was invested in the existing estate - £3.5 million being allocated to Young's and £4.9 million to Geronimo. The Home Cottage in Redhill, a Young's pub, underwent a transformational development. The major expenditure within Geronimo was the acquisition of the freehold interest in the Clarence, Whitehall.

Liquor and food sales were both comfortably ahead of last year on a like for like basis and the hotel business saw strong growth during the six months, with the Alma, where 23 beautifully designed hotel rooms were added last year, being the highlight. Coupled with the rebranding of our hotels as a discrete but complementary component of the Young's proposition, the investment in a new booking system and improvements in our links to third party sites helped increase revenue by 21.9% and RevPAR (revenue per available room) by 14.3% to £52.79.

The strongest growth in the pub estate was in the City of London which, as a result of the increased tourist trade over recent years, has meant that Young's pubs have been able to trade successfully on weekends as well as weekdays. Another pub showing an impressive performance on the Young's side is the Alexandra in Wimbledon, a pub in which we invested last year and which has had an excellent six months. Within the Geronimo estate, the Betjeman Arms, St Pancras and the Northcote, Clapham Junction have shown particularly strong growth. The White Horse in Exchange Square near Liverpool Street, which opened last autumn, has also proven a phenomenal success.

The Geronimo estate, with its large central London managed houses, has played an important part in increasing our average EBITDAR (earnings before interest, tax, depreciation and rent) per managed house, which was up 9.1% at £182,300.

Cask beer continues to outperform the market and our pubs are well positioned to continue to benefit from this trend. Our beer and cider festivals offer customers a diverse range of quality cask ales, bringing new and younger drinkers into the category. We are also introducing some additional London craft beers, such as Meantime, to offer discerning customers their beers of choice; an increased number of world lagers and premium spirits have also been introduced as consumers become more brand aware.

Our premium food strategy with its focus on local provenance continues to play an important part in our success. This strategy coupled with the acquisition of Geronimo has increased food sales as a proportion of the whole by 2.5 percentage points to 28.5%.

The Peach Report's analysis of the eating and drinking out market shows that despite the wider economic uncertainty, the eating out market continues to grow with pubs outperforming the restaurant sector over the six months. Our strategy remains focused on capturing this growth by providing restaurant quality food in a relaxed pub environment, prizing individuality, authenticity and quality.

Young's pubs have always been integral to their local communities. In April this year, we celebrated the Royal Wedding with a commemorative brew, Young's Prince of Ales, and held local "street parties" in many of our pubs. This autumn, we have proudly celebrated 180 years of Young's with birthday parties across the estate and a specially brewed 1831 Anniversary Ale on sale at £1.80 between the hours of 18:31 and 20:11.

Our sales and marketing initiatives, and particularly our e-marketing strategies, have continued to focus on building loyalty and communicating directly with customers, rather than simply buying custom through discounting.

#### Tenanted houses

Like for like sales in our tenanted division were flat in the period. With four fewer pubs, total sales were down 1.1% but operating profit was up 5.2%. This division, accounting for just 8.0% of our total revenue, forms a considerably smaller part of our trading operations than our managed estate.

In line with our competitors, our tenanted pubs have faced difficult trading conditions over recent years and this has resulted in us taking a long-term, strategic look at the future of the tenanted estate. We believe that a smaller and better invested estate is the way forward. As a result, we sold the Bricklayers

Arms in Sydenham, the Charlie Butler in Mortlake and the Castle in Battersea for a total of £2.5 million. There will be additional disposals in the second half of the year.

We have never lost sight of the fact that our success is based on the partnership developed with our tenants. Investment is an essential part of attracting and nurturing entrepreneurial talent. This summer, we have invested £0.6 million, with developments at the Grand Junction Arms in Willesden and the Waggon & Horses in Surbiton.

We have hosted an array of training courses focusing on customer service, marketing and social media, product knowledge, and compliance with the ever-changing regulatory environment in which we operate. Attendance on these courses has never been better.

Last year, we were one of the first pub companies to introduce its own code of practice, one that builds on our partnership principle. In September, the Business, Innovation and Skills Committee published its report into pub companies' relationships with their tenants. We do not believe our code for the operation of traditional three year tenancies needs any further strengthening and we would welcome and support a statement by the select committee that settles this uncertainty once and for all.

At the end of the period we had 93 tenanted pubs and an improving profit stream. For the six months, the average EBITDAR per pub was £37,300.

## **Investment and finance**

The 21.2% increase in operating profit before exceptional items was driven by the acquisition of Geronimo, the continuation of the strong run in our hotels' performance and the very encouraging performance from our pub estate.

Profit before tax on continuing operations once adjusted for exceptional items was up 10.5% at £12.5 million. These results are severely distorted by exceptional items and in particular the decision to take account of the recent estate revaluation by changing our accounting policy. This revaluation has increased the balance sheet value of our assets by £174.0 million, made up of a £203.1 million balance sheet revaluation credit for the property values that have increased and a £29.1 million exceptional charge to the income statement where they have fallen. This is a non-cash positive fair value adjustment but due to the requirement to split it into two parts it has had a large negative impact on our income statement. Without adjusting for exceptional items, we recorded a loss before tax of £16.1 million. The adjusted basic earnings per share was up 10.7% at 18.73 pence but the exceptional items resulted in a basic loss per share of 30.09 pence.

Net cash flow from operating activities was £14.7 million, up £3.7 million from this time last year. We have invested £12.2 million in the business, £3.2 million on new outlets, £5.0 million on our existing estate and £4.0 million acquiring the freehold interest of the Clarence, Whitehall, a Geronimo pub we previously held as a leasehold. During the summer we disposed of three tenanted pubs and one managed one for £3.6 million; these pubs were not achieving acceptable returns on capital and we believed that the capital would be better invested elsewhere.

In August we sold our entire 40% stake in Wells & Young's for £15.1 million. As a result, Wells & Young's has been treated as a discontinued operation for the six months and our comparatives have been restated accordingly. The £15.1 million is receivable in three instalments; £5.1 million in February 2012 and the remaining £10.0 million in two equal amounts in February 2013 and February 2014. The disposal has resulted in a £0.4 million loss or £1.7 million when taking account of a £1.3 million implied cost of the deferred consideration. This implied cost will be unwound through the income statement over the deferral period. The disposal allows us to increase our focus on our pubs while at the same time allowing Wells & Young's to continue to develop its brands.

Lower than expected returns on investments and falling bond yields have impacted the pension deficit. Over the course of the six months, despite making a £0.7 million special contribution, the deficit increased by £2.4 million to £9.9 million.

Finance costs were £2.9 million, an increase of £1.6 million over last year as a result of the extra debt taken on to fund last December's acquisition of Geronimo. Nonetheless, interest cover at 5.2 times remains strong. Total net debt at the period end was £124.5 million of which £100 million has been effectively fixed at just below 5.0%, with none needing to be refinanced until December 2015. Longer-term interest rates have fallen since the year end. As a result we are enjoying lower rates on our variable debt, but where we have taken the decision to fix interest rates there has been a £9.0 million adverse movement in our interest rate swap liability.

At the end of the period Colliers valued our estate at £497.4 million, which excludes any lotting premium. The balance sheet is robust with net assets per share, having taken account of deferred tax, of £6.43, leaving gearing at 40.1%.

### **Current trading and outlook**

Trading since the period end has been very positive. Managed house revenue in the first seven weeks of the second half is up 45.1% in total and 5.4% on a like for like basis (which excludes Geronimo's 6.8% like for like sales growth).

The backdrop of wider economic uncertainty, increased pressures on disposable income and rising unemployment continues to have a negative impact on consumer sentiment. Nonetheless, our trading performance remains resilient. Our premium London-orientated strategy helps insulate us in part against the worst of any downturn and we believe that we are therefore well placed to continue the positive momentum achieved in the first half of this financial year. The Oyster Shed, on the riverside near Cannon Street in London, is due to open under the Geronimo offer in January and, in line with our strategy of having a smaller and better invested tenanted estate, we disposed of two tenancies, the Queen Dowager and the Britannia Tap.

The business remains focused on maximising shareholder value through its well invested estate. Following the successful acquisition and integration of Geronimo, and with our balance sheet strength, we will continue to seek out appropriate opportunities for expansion whilst driving growth in our existing estate.

Stephen Goodyear  
Chief Executive  
23 November 2011

*The 2011 interim report is expected to be mailed to shareholders on 2 December 2011 and copies of it will be available on the company's website and on request from the Company Secretary at the company's registered office: Riverside House, 26 Osiers Road, Wandsworth, London, SW18 1NH (tel: 020 8875 7000).*

## **Independent review report**

### **Introduction**

We have been engaged by the company to review the condensed set of financial statements in the Interim Report for the 26 weeks ended 3 October 2011 which comprises the group income statement, the group statement of comprehensive income, the group balance sheet, the group statement of cash flow, the group statement of changes in equity and the related explanatory notes. We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

### **Directors' Responsibilities**

The Interim Report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Report in accordance with the AIM Rules issued by the London Stock Exchange which require that it is presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this Interim Report has been prepared in accordance with the AIM Rules issued by the London Stock Exchange.

### **Our Responsibility**

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the Interim Report based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Interim Report for the 26 weeks ended 3 October 2011 is not prepared, in all material respects, in accordance with the accounting policies outlined in note 1, which comply with IFRS's as adopted by the European Union and in accordance with the AIM Rules issued by the London Stock Exchange.

**Ernst & Young LLP**  
**London**  
**23 November 2011**

## Unaudited group income statement

For the 26 weeks ended 3 October 2011

	Notes	26 weeks to 3 Oct 2011 £000	26 weeks to 27 Sept 2010 £000	53 weeks to 4 Apr 2011 £000
<b>Continuing operations</b>				
<b>Revenue</b>		<b>90,468</b>	67,692	142,597
Operating costs before exceptional items		<b>(75,462)</b>	(55,306)	(120,851)
Operating profit before exceptional items		<b>15,006</b>	12,386	21,746
Operating exceptional items	3	<b>(28,551)</b>	(340)	(4,883)
<b>Operating (loss)/profit</b>		<b>(13,545)</b>	12,046	16,863
Finance costs		<b>(2,913)</b>	(1,329)	(4,015)
Finance revenue		<b>5</b>	2	9
Other finance income		<b>356</b>	209	437
<b>(Loss)/profit before tax</b>		<b>(16,097)</b>	10,928	13,294
Taxation	4	<b>(2,571)</b>	(2,278)	(2,390)
Taxation on property revaluation	4	<b>4,141</b>	-	-
Recognition of rollover claim	4	<b>-</b>	4,945	4,945
<b>(Loss)/profit for the period from continuing operations</b>		<b>(14,527)</b>	13,595	15,849
<b>Discontinued operations</b>				
(Loss)/profit for the period from discontinued operations	9	<b>(1,117)</b>	988	1,964
<b>(Loss)/profit for the period</b>		<b>(15,644)</b>	14,583	17,813
<b>Attributable to</b>				
Shareholders of the parent		<b>(15,629)</b>	14,583	17,827
Non controlling interest		<b>(15)</b>	-	(14)
		<b>(15,644)</b>	14,583	17,813
<b>Earnings per 12.5p ordinary share</b>				
		<b>Pence</b>	Pence	Pence
Basic and diluted from continuing operations	5	<b>(30.09)</b>	28.19	32.89
Basic and diluted from continuing and discontinued operations	5	<b>(32.41)</b>	30.24	36.97



## Unaudited group statement of comprehensive income

For the 26 weeks ended 3 October 2011

	Notes	<b>26 weeks to 3 Oct 2011 £000</b>	26 weeks to 27 Sept 2010 £000	53 weeks to 4 Apr 2011 £000
<b>(Loss)/profit for the period</b>		<b>(15,644)</b>	14,583	17,813
<b>Other comprehensive income</b>				
Actuarial (loss)/gain on retirement benefit schemes		<b>(3,331)</b>	(1,233)	3,228
Hedging reserve fair value movement of interest rate swap		<b>(9,008)</b>	(3,037)	282
Unrealised gain on revaluation of property	10	<b>203,065</b>	-	-
Tax on above components of other comprehensive income	4	<b>(42,684)</b>	881	(1,455)
Discontinued operations actuarial loss (net of deferred tax) on retirement benefit schemes		<b>(377)</b>	(819)	(678)
		<b>147,665</b>	(4,208)	1,377
<b>Total comprehensive income</b>		<b>132,021</b>	10,375	19,190
<b>Attributable to</b>				
Shareholders of the parent		<b>132,036</b>	10,375	19,204
Non controlling interest		<b>(15)</b>	-	(14)
		<b>132,021</b>	10,375	19,190

## Unaudited group balance sheet

At 3 October 2011

		At 3 Oct 2011 £000	Restated At 27 Sept 2010 £000	At 4 Apr 2011 £000
	Notes			
<b>Non current assets</b>				
Goodwill		20,426	-	20,426
Property and equipment	10	497,361	266,649	320,204
Investment in associate		-	14,134	15,273
Other financial asset	9	8,931	600	600
		<b>526,718</b>	281,383	356,503
<b>Current assets</b>				
Inventories		2,128	1,726	2,143
Other financial asset	9	4,997	-	-
Trade and other receivables		5,472	4,671	4,887
Cash		4,613	1,762	2,332
		<b>17,210</b>	8,159	9,362
<b>Non current assets classified as held for sale</b>				
		884	121	-
<b>Total assets</b>		<b>544,812</b>	289,663	365,865
<b>Current liabilities</b>				
Borrowings		(5,742)	(2)	(2,672)
Trade and other payables		(21,315)	(15,061)	(26,181)
Income tax payable		(3,210)	(3,049)	(1,758)
		<b>(30,267)</b>	(18,112)	(30,611)
<b>Non current liabilities</b>				
Borrowings		(123,385)	(64,705)	(122,275)
Derivative financial instruments		(13,016)	(7,327)	(4,008)
Deferred tax		(57,964)	(10,318)	(19,862)
Retirement benefit schemes		(9,946)	(13,451)	(7,592)
		<b>(204,311)</b>	(95,801)	(153,737)
<b>Total liabilities</b>		<b>(234,578)</b>	(113,913)	(184,348)
<b>Net assets</b>		<b>310,234</b>	175,750	181,517
<b>Capital and reserves</b>				
Share capital		6,028	6,028	6,028
Share premium		1,274	1,274	1,274
Other reserves		1,808	1,808	1,808
Revaluation reserve		157,543	-	-
Hedging reserve		(9,762)	(5,349)	(2,966)
Retained earnings		153,373	171,989	175,388
<b>Equity attributable to equity shareholders of the parent</b>		<b>310,264</b>	175,750	181,532
Non controlling interest		(30)	-	(15)
<b>Total equity</b>		<b>310,234</b>	175,750	181,517

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

## Unaudited group statement of cash flow

For the 26 weeks ended 3 October 2011

	Notes	26 weeks to 3 Oct 2011 £000	26 weeks to 27 Sept 2010 £000	53 weeks to 4 April 2011 £000
<b>Operating activities</b>				
Net cash generated from operations	7	14,671	10,934	29,743
Interest received		5	2	9
Tax paid		(1,560)	(1,838)	(4,357)
<b>Net cash flow from operating activities</b>		<b>13,116</b>	9,098	25,395
<b>Investing activities</b>				
Sales of property and equipment		3,640	2,730	3,316
Purchases of property and equipment	10	(12,200)	(8,237)	(18,614)
Business combinations, net of cash acquired		-	-	(60,000)
<b>Net cash used in investing activities</b>		<b>(8,560)</b>	(5,507)	(75,298)
<b>Financing activities</b>				
Interest paid		(3,128)	(644)	(3,753)
Equity dividends paid		(3,327)	(3,260)	(6,327)
Increase in borrowings		1,110	500	58,073
Receipt of short term borrowings		3,070	-	2,667
<b>Net cash flow (used in) /from financing activities</b>		<b>(2,275)</b>	(3,404)	50,660
Increase in cash		2,281	187	757
Cash at the beginning of the period		2,332	1,575	1,575
<b>Cash at the end of the period</b>		<b>4,613</b>	1,762	2,332

## Unaudited group statement of changes in equity

At 3 October 2011

	Notes	<b>26 weeks to 3 Oct 2011 £000</b>	26 weeks to 27 Sept 2010 £000	53 weeks to 4 Apr 2011 £000
<b>Opening equity</b>		<b>181,517</b>	168,614	168,614
<b>(Loss)/profit for the period</b>		<b>(15,644)</b>	14,583	17,813
<b>Other comprehensive income</b>				
Actuarial (loss)/gain on retirement benefit schemes		<b>(3,331)</b>	(1,233)	3,228
Hedging reserve fair value movement of interest rate swap		<b>(9,008)</b>	(3,037)	282
Unrealised gain on revaluation of property	10	<b>203,065</b>	-	-
Tax on above components of other comprehensive income	4	<b>(42,684)</b>	881	(1,455)
Discontinued operations actuarial loss (net of deferred tax) on retirement benefit schemes		<b>(377)</b>	(819)	(678)
		<b>147,665</b>	(4,208)	1,377
<b>Total comprehensive income</b>		<b>132,021</b>	10,375	19,190
<b>Transactions with owners recorded directly in equity</b>				
Dividends paid on equity shares		<b>(3,327)</b>	(3,260)	(6,327)
Share based payments by associate		<b>23</b>	21	41
Non controlling interest arising on acquisition of businesses		<b>-</b>	-	(1)
		<b>(3,304)</b>	(3,239)	(6,287)
<b>Closing equity</b>		<b>310,234</b>	175,750	181,517

## Note to the financial statements

### 1 Accounts

This interim report was approved by the board on 23 November 2011. The interim financial statements are unaudited, and are not the group's statutory accounts as defined in s. 434 of the Companies Act 2006. They have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union that the group expects to apply in the 2012 full year financial statements. These accounting policies are consistent with the accounting policies set out in the group's audited accounts for the 53 weeks ended 4 April 2011, with the exception of the following changes to accounting policies and IFRS standards which the group has adopted for the 2012 financial year:

#### (a) Property and equipment

As permitted by IAS 16: Property Plant and Equipment, the group has changed its accounting policy on valuing property and equipment from the cost model to the revaluation model. This change in accounting policy has been applied in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors.

Since the adoption of IFRS in 2007 properties have been measured at cost (or for pre 1997 acquired properties, deemed cost) less accumulated depreciation and impairment. For property acquired before 1997, deemed cost was derived from its 1997 valuation less accumulated depreciation up to the adoption of IFRS.

During the current period, the directors of the group concluded that the cost model no longer represented a relevant value of properties within the estate so adopted the revaluation model. The directors consider the revaluation model to provide users of the financial statements with a better understanding of the potential value of the group's property portfolio. Properties, including land and buildings, and fixtures, fittings and equipment are now held at fair value, and will be revalued by qualified valuers on a sufficiently regular basis using open market value so that the carrying value of an asset does not differ significantly from its fair value at the balance sheet date. Surpluses which arise from the revaluation exercise are included within other comprehensive income (in the revaluation reserve) unless they are reversing a revaluation adjustment which has been recognised in the income statement previously. Where the revaluation exercise gives rise to a deficit, this is reflected directly in other comprehensive income (in the revaluation reserve) to the extent that a surplus exists against the same asset. Any further decrease in value is recognised in the income statement as an exceptional expense.

In the current period, an amount of £203,065,000 has been recognised within other comprehensive income to reflect these surpluses and an amount of £29,110,000 has been recognised in the income statement to reflect the deficits. This has resulted in a net uplift to the carrying value of property and equipment of £173,955,000. The change in accounting policy to the revaluation method is to be accounted for prospectively so has no impact on prior periods.

#### (b) IFRS updates

The International Accounting Standards Board (IASB) and the Interpretations Committee have issued various other new standards, amended standards and issued interpretations which are effective for the current financial year. The adoption of these are considered to have no effect on the group's operating results or financial position.

The group balance sheet at 27 September 2010 has been restated following the adoption of Amendments to IAS 17, which was effective for the 53 week period ended 4 April 2011. In its full year financial statements the group reclassified land previously classified as prepaid operating lease premiums to finance leased assets. For the comparatives at 27 September 2010, land of £6,236,000 has been reclassified to finance leased assets within property and equipment in the group balance sheet. In addition, a finance lease asset and liability relating to the present value of minimum lease payments of £388,000 was recorded within property and equipment and borrowings respectively. The restatement had no effect on the group's income statement, statement of comprehensive income or statement of cash flow.

Statutory accounts for the period ended 4 April 2011 have been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain any reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report. Further, that report did not contain a statement under s. 498(2) or (3) of the Companies Act 2006 (accounting records or returns inadequate, accounts not agreeing with records and returns or failure to obtain necessary information and explanations).

This interim report has been prepared in accordance with the AIM Rules issued by the London Stock Exchange. As permitted, the interim report has not been prepared in accordance with IAS 34 'Interim Financial Reporting', which is not mandatory for AIM listed groups.

## 2. Segmental reporting

The group is organised into the operating 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 reportable segment's operating profit or loss before exceptional items for the purpose of deciding on the allocation of resources and assessing performance.

The group has three operating segments, Young's managed houses, Geronimo managed houses and tenanted houses. Both Young's and Geronimo managed houses operate pubs. Revenue is derived from sales of drink, food and accommodation. Due to common economic characteristics, similar product offerings and customers, the Young's managed houses and Geronimo managed houses operating segments have been reported below as a single reportable segment, managed houses. Tenanted houses consists of 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 intersegment revenues of £215,000 between the segments in the current period. The group's revenue is derived entirely from the UK.

	<b>26 weeks to 3 Oct 2011 £000</b>	26 weeks to 27 Sept 2010 £000	53 weeks to 4 Apr 2011 £000
<b>Revenue</b>			
Managed houses	<b>83,083</b>	60,258	127,836
Tenanted houses	<b>7,208</b>	7,286	14,392
<b>Segment revenue</b>	<b>90,291</b>	67,544	142,228
Unallocated income	<b>177</b>	148	369
	<b>90,468</b>	67,692	142,597
<b>Operating profit before exceptional items</b>			
Managed houses	<b>18,780</b>	15,257	29,228
Tenanted houses	<b>2,838</b>	2,698	5,387
Segment operating profit before exceptional items	<b>21,618</b>	17,955	34,615
Unallocated expense	<b>(6,612)</b>	(5,569)	(12,869)
	<b>15,006</b>	12,386	21,746
Finance costs	<b>(2,913)</b>	(1,329)	(4,015)
Finance revenue	<b>5</b>	2	9
Other finance income	<b>356</b>	209	437
Operating exceptional items	<b>(28,551)</b>	(340)	(4,883)
<b>(Loss)/profit before tax from continuing operations</b>	<b>(16,097)</b>	10,928	13,294

### 3. Exceptional items

	<b>26 weeks to 3 Oct 2011 £000</b>	26 weeks to 27 Sept 2010 £000	53 weeks to 4 Apr 2011 £000
<b>Amounts included in operating results:</b>			
Movement on the revaluation of properties	<b>(29,110)</b>	-	-
Acquisition costs	<b>(260)</b>	(119)	(2,040)
Profit on sales of properties	<b>894</b>	89	542
Capital gains tax on ESOP allocated shares	<b>(75)</b>	(115)	(166)
Hotel project fees written off	-	(195)	(195)
Impairment of properties	-	-	(1,882)
Integration costs	-	-	(1,142)
	<b>(28,551)</b>	(340)	(4,883)
<b>Exceptional tax:</b>			
Movement on the revaluation of properties	<b>4,141</b>	-	-
Change in corporation tax rate	<b>867</b>	695	1,394
Tax attributable to above adjustments	-	136	729
Recognition of rollover claim	-	4,945	4,945
	<b>5,008</b>	5,776	7,068
<b>Total exceptional items</b>	<b>(23,543)</b>	5,436	2,185

The movement on the revaluation of properties relates to the revaluation exercise which was completed during the period. The revaluation was conducted at an individual pub level and identified a downward movement of £29,110,000 which has been taken to the income statement. The movement is split between land and buildings at £26,744,000 and fixtures and fittings at £2,366,000. See note 1 for further details on the change in accounting policy to the revaluation model.

The acquisition costs include legal fees and stamp duty incurred on the purchase of the freehold of the Clarence in Whitehall.

The profit on sales of properties relates to the difference between the cash, less selling costs, received from the sale of the George in Fulham, Charlie Butler in Mortlake, Castle in Battersea and the Bricklayers Arms in Sydenham and the carrying value of the assets on the date of sale.

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.

#### 4. Taxation

The taxation charge for the 26 weeks ended 3 October 2011 has been calculated by applying an estimate of the effective tax rate before exceptional items for the year ending 2 April 2012 (approximately 27.60%).

	<b>26 weeks to 3 Oct 2011 £000</b>	26 weeks to 27 Sept 2010 £000	53 weeks to 4 April 2011 £000
<b>Income statement</b>			
<b>Current tax</b>			
Corporation tax	<b>(3,012)</b>	(2,850)	(4,631)
Adjustment in respect of prior periods	-	-	553
	<b>(3,012)</b>	(2,850)	(4,078)
<b>Deferred tax</b>			
Movement on the revaluation of properties	<b>4,141</b>	-	-
Origination and reversal of temporary differences	<b>(426)</b>	(123)	555
Change in corporation tax rate	<b>867</b>	695	1,394
Recognition of rollover claim	-	4,945	4,945
Adjustment in respect of prior periods	-	-	(261)
	<b>4,582</b>	5,517	6,633
<b>Tax credit</b>	<b>1,570</b>	2,667	2,555
Presented in the income statement as follows:			
Taxation	<b>(2,571)</b>	(2,278)	(2,390)
Taxation on property revaluation	<b>4,141</b>	-	-
Recognition of rollover claim	-	4,945	4,945
<b>Tax credit</b>	<b>1,570</b>	2,667	2,555
<b>Statement of comprehensive income - deferred tax</b>			
Movement on the revaluation of properties	<b>(47,343)</b>	-	-
Interest rate swaps	<b>2,342</b>	850	(79)
Retirement benefit schemes	<b>866</b>	345	(904)
Change in corporation tax rate	<b>1,451</b>	(314)	(472)
<b>Tax (expense)/credit</b>	<b>(42,684)</b>	881	(1,455)
<b>Income statement - deferred tax</b>			
Property revaluation and disposals	<b>4,247</b>	5,781	6,943
Capital allowances	<b>658</b>	201	265
Utilisation of tax losses	<b>(289)</b>	-	(154)
Retirement benefit schemes	<b>(24)</b>	(479)	(444)
Other tax provisions	<b>(10)</b>	14	23
<b>Tax credit</b>	<b>4,582</b>	5,517	6,633

During the period the change in the UK corporation tax rate from 26% to 25%, which is effective from 1 April 2012, was substantively enacted. Accordingly, the deferred tax balances have been re-measured from 26% to 25%. Further changes to reduce the rate to 24% from 1 April 2013 and to 23% from 1 April 2014 have been announced. However, as the proposals had not been substantively enacted at the balance sheet date they have not been recognised in these results.



## 5. Earnings per 12.5p ordinary share

### (a) Earnings and shares

	<b>26 weeks to 3 Oct 2011 £000</b>	26 weeks to 27 Sept 2010 £000	53 weeks to 4 April 2011 £000
(Loss)/profit from continuing operations	<b>(14,512)</b>	13,595	15,863
(Loss)/profit from discontinued operations	<b>(1,117)</b>	988	1,964
(Loss)/profit attributable to equity holders of the parent	<b>(15,629)</b>	14,583	17,827
(Loss)/profit from continuing operations	<b>(14,512)</b>	13,595	15,863
Operating exceptional items	<b>28,551</b>	340	4,883
Tax attributable to above adjustments	-	(136)	(729)
Tax on movement on revaluation of properties	<b>(4,141)</b>	-	-
Change in corporation tax rate	<b>(867)</b>	(695)	(1,394)
Recognition of rollover relief claim	-	(4,945)	(4,945)
<b>Adjusted earnings after tax from continuing operations</b>	<b>9,031</b>	8,159	13,678
	<b>Number 000</b>	Number 000	Number 000
Basic and diluted weighted average number of ordinary shares in issue	<b>48,224</b>	48,224	48,224

### (b) Basic and diluted earnings per share

	<b>Pence</b>	Pence	Pence
Basic and diluted from continuing operations	<b>(30.09)</b>	28.19	32.89
Basic and diluted from discontinued operations	<b>(2.32)</b>	2.05	4.08
<b>Basic and diluted</b>	<b>(32.41)</b>	30.24	36.97

### (c) Adjusted basic and diluted earnings per share

	<b>Pence</b>	Pence	Pence
Basic and diluted from continuing operations	<b>(30.09)</b>	28.19	32.89
Effect of exceptional items and other adjustments listed above	<b>48.82</b>	(11.27)	(4.53)
<b>Adjusted basic and diluted from continuing operations</b>	<b>18.73</b>	16.92	28.36

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.

## 6. Dividends on equity shares

	<b>26 weeks to 3 Oct 2011 Pence</b>	26 weeks to 27 Sept 2010 Pence	53 weeks to 4 Apr 2011 Pence
Final dividend (previous period)	<b>6.90</b>	6.76	6.76
Interim dividend (current period)	-	-	6.36
	<b>6.90</b>	6.76	13.12

## 7. Net cash generated from operations and analysis of net debt

	<b>26 weeks to 3 Oct 2011 £000</b>	26 weeks to 27 Sept 2010 £000	53 weeks to 4 Apr 2011 £000
<b>(Loss)/profit before tax on continuing operations</b>	<b>(16,097)</b>	10,928	13,294
Net finance cost	<b>2,908</b>	1,327	4,006
Other finance income	<b>(356)</b>	(209)	(437)
<b>Operating (loss)/profit on continuing operations</b>	<b>(13,545)</b>	12,046	16,863
Depreciation	<b>5,968</b>	4,267	10,031
Movement on the revaluation of properties	<b>29,110</b>	-	-
Impairment of property	<b>-</b>	-	1,882
Profit on sales of properties	<b>(894)</b>	(89)	(542)
Difference between pension service cost and cash contributions paid	<b>(621)</b>	(1,694)	(2,864)
Provision for capital gains tax on ESOP allocated shares	<b>75</b>	115	166
Movements in working capital			
Inventories	<b>95</b>	(23)	25
Receivables	<b>(585)</b>	(250)	257
Payables	<b>(4,932)</b>	(3,438)	3,925
<b>Net cash generated from operations</b>	<b>14,671</b>	10,934	29,743

### Analysis of group net debt

	<b>At 3 Oct 2011 £000</b>	At 27 Sept 2010 £000	At 4 Apr 2011 £000
Cash	<b>4,613</b>	1,762	2,332
Loan capital and finance leases	<b>(129,127)</b>	(64,707)	(124,947)
<b>Net debt</b>	<b>(124,514)</b>	(62,945)	(122,615)

## 8. Adjusted profit before tax

The table below sets out adjusted profit before tax. This alternative performance measure has been provided as the board believes that it gives a better indication of the group's underlying performance. All results below are from continuing operations.

	<b>26 weeks to 3 Oct 2011 £000</b>	26 weeks to 27 Sept 2010 £000	53 weeks to 4 Apr 2011 £000
<b>(Loss)/profit before tax</b>	<b>(16,097)</b>	10,928	13,294
Operating exceptional items	<b>28,551</b>	340	4,883
<b>Adjusted profit before tax</b>	<b>12,454</b>	11,268	18,177

## 9. Discontinued operations

On 9 August 2011, the group disposed of its entire 40% share in Wells & Young's Brewing Company Limited (Wells & Young's), its brewing associate. The disposal allows Young's to increase its focus on its pubs and the cash generated will be used to develop the group's core business.

The consideration receivable for the group's shareholding is £15.1 million in cash. £5.1 million is receivable in February 2012, with the remaining £10.0 million being receivable in two equal amounts in February 2013 and February 2014. This deferred consideration has been discounted to its current fair value and is recognised in the group's balance sheet as "Other financial asset" of which £4,997,000 is held under current assets and £8,931,000 is held under non current assets.

The discounted fair value of these proceeds less the carrying amount of the investment in associate and disposal costs resulted in a loss on disposal of £1.7 million:

	<b>26 weeks to 3 Oct 2011 £000</b>
Cash consideration	<b>13,782</b>
Net assets disposed	<b>(15,455)</b>
Disposal costs	<b>(60)</b>
<b>Loss on disposal of discontinued operations</b>	<b>(1,733)</b>

The results of the discontinued operations, which have been included in the group income statement, were as follows:

	<b>26 weeks to 3 Oct 2011 £000</b>	26 weeks to 27 Sept 2010 £000	53 weeks to 4 Apr 2011 £000
Share of associate's profit before exceptional items and tax	<b>1,289</b>	2,111	2,642
Share of associate's exceptional items	<b>(401)</b>	(630)	(141)
Share of associate's tax expense	<b>(272)</b>	(493)	(537)
<b>Share of associate's post tax result</b>	<b>616</b>	988	1,964
Loss on disposal of discontinued operations	<b>(1,733)</b>	-	-
Tax on loss on disposal of discontinued operations	-	-	-
<b>(Loss)/profit for the period from discontinued operations</b>	<b>(1,117)</b>	988	1,964

During the current period and the prior year, Wells & Young's contributed £nil to the group's cash flows.

## 10. Property and equipment

	Land & buildings £000	Fixtures, fittings & equipment £000	Total £000
<b>Cost or valuation</b>			
At 29 March 2010	246,818	65,988	312,806
Additions	8,919	9,695	18,614
Business combinations	47,776	2,960	50,736
Disposals	(191)	(750)	(941)
Fully depreciated assets	-	(4,918)	(4,918)
At 4 April 2011	303,322	72,975	376,297
Additions	6,167	6,033	12,200
Transfer from other financial asset	600	-	600
Disposals	(4,133)	(559)	(4,692)
Transfer to assets held for sale	(899)	-	(899)
Revaluation*	201,544	-	201,544
<b>At 3 October 2011</b>	<b>506,601</b>	<b>78,449</b>	<b>585,050</b>
<b>Depreciation and impairment</b>			
At 29 March 2010	15,630	34,212	49,842
Depreciation charge	1,485	8,546	10,031
Impairment charge	1,171	711	1,882
Disposals	(191)	(553)	(744)
Fully depreciated assets	-	(4,918)	(4,918)
At 4 April 2011	18,095	37,998	56,093
Depreciation charge	1,221	4,747	5,968
Disposals	(1,568)	(378)	(1,946)
Transfer of assets held for sale	(15)	-	(15)
Revaluation*			
- effect of downward movements in property valuation	26,534	2,576	29,110
- effect of upward movements in property valuation	(1,521)	-	(1,521)
<b>At 3 October 2011</b>	<b>42,746</b>	<b>44,943</b>	<b>87,689</b>
<b>Net book value</b>			
At 29 March 2010	231,188	31,776	262,964
At 4 April 2011	285,227	34,977	320,204
<b>At 3 October 2011</b>	<b>463,855</b>	<b>33,506</b>	<b>497,361</b>

\*The net book value uplift due to revaluation of £174.0 million comprises of an upward movement of £203.1 million shown in the group statement of comprehensive income, net of a downward movement of £29.1 million in the group income statement.

### Revaluation of property and equipment

A policy of valuing the group's property estate was adopted in the current period, as described in note 1. All of the group's freehold and leasehold land, buildings together with their fixtures, fittings and equipment, where appropriate, were valued at market value, as at 3 October 2011 by Colliers International UK P.L.C., independent chartered surveyors. The valuation was carried out in accordance with the provisions of the RICS Valuation Standards ('the Red Book'). Pubs were valued as fully equipped operational entities having regard to trading potential, and factors such as current and future projected income levels, taking account of the location, tenure, the quality of the pub and recent market transactions in the sector. Changes in these assumptions, such as the valuation basis applied in comparable market transactions or the income level generated by a pub, could materially impact the valuations.