



24 May 2012

**Preliminary results
For the 52 weeks ended 2 April 2012**

Highlights

	2012	
	£000	+ / -
Revenue	178,964	+25.5%
Adjusted operating profit*	26,162	+20.3%
Adjusted profit before tax*	21,333	+17.4%
Net cash generated from operations	34,601	+16.3%
Adjusted basic earnings per share*	33.41p	+17.8%
Dividend per share (interim and recommended final)	13.93p	+5.1%
Net assets per share	£6.59	+75.3%
<i>* Throughout this report, reference to an "adjusted" item means that item has been adjusted to exclude exceptional items (see notes 3 and 7). The principal adjustment this period relates to the revaluation described below.</i>		
Loss before tax **	(7,494)	-156.4%
Basic earnings per share **	-11.13p	-133.8%

*** The group's property estate has been revalued giving rise to a net uplift in fixed assets of £174.0 million. The upward movement of £203.1 million was recognised in equity, while the downward movement of £29.1 million was taken to the income statement as exceptional, resulting in the current period loss before tax (see notes 1 and 9).*

All of the results above are from continuing operations.

- A landmark year with good performance across all areas of the business;
- Integration of Geronimo business – acquired in December 2010 – fully complete;
- Managed house revenue increased 29.1% to £165.0 million, with same outlet like for like sales up 6.0%; managed house operating profit up 20.6%;
- Strong year in accommodation, with better occupancy and room rates driving RevPAR (revenue per available room) up 10.7% at £48.85 and revenue up 15.4%;
- Revaluation of estate at £497.4 million, a large net uplift of £174.0 million to book value;
- Following disposal of 40% holding in Wells & Young's brewing operation for £15.1 million, a clear strategic focus on profitable growth through premium pubs in London and the South East;
- Net debt reduced by £4.5 million to £118.1 million, a ratio of 3.1 times EBITDA, despite continued investment in the Young's and Geronimo estates; and
- Progressive dividend policy maintained; proposed 5.1% increase in the final dividend to 7.25 pence per share, resulting in a total dividend for the year of 13.93 pence (2011: 13.26 pence).

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

"This has been a successful and transformational year for Young's.

"In the face of continued wider economic uncertainty, the group has delivered a strong set of results for the period, whilst driving forward our premium offering.

"The disposal of our stake in Wells & Young's has allowed us to focus on our core, premium pub strategy and Geronimo Inns – acquired in December 2010 – has been successfully integrated, with both Young's and Geronimo's operations benefitting from the best practice being shared across the combined business.

"We have continued to invest in our managed and tenanted estate, along with ongoing investment in our hotel offering which has seen another year of significant profit growth.

"Young's is in very good shape. The start of the year has been affected by the generally dismal weather. Nevertheless sales for the first seven weeks were up 3.9%, but down 2.0% on a like-for-like basis. We are excited about the prospects that the Jubilee and Olympic summer will bring. Whilst the economy remains fragile, we believe that, with our focused and high-quality offering, we are well placed to continue to achieve growth."

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Preliminary results for the 52 weeks ended 2 April 2012

Overview

This has been a transformational year for Young's. Having successfully integrated the Geronimo business acquired in late 2010 and exited from our brewing associate, we are clearly focused on delivering profitable growth through our estate of premium, well invested pubs and hotels, primarily in London and the South East.

Geronimo has been smoothly and successfully integrated, with the benefits of the sharing of best practice already being felt.

Halfway through the year, we took the decision to exit from our brewing interests with Charles Wells. Having been involved in brewing since 1831, this was an historically significant step. However, from a strategic point of view it allows us to focus all our resources – both managerial and financial – on developing our high quality pub estate yet further. In addition, we decided to dispose of a number of tenanted pubs that did not fit with our future plans for the tenanted operation.

Our strategy is very clear: we are focused on developing and growing an estate of premium pubs, primarily in London and the South East, with a clear emphasis on managed operations. A high quality food offering is increasingly an integral part of what we are about. Nonetheless the nature of our estate is that we run pubs as opposed to restaurants since they are a more consistent source of profits. We will continue to invest in the existing estate to maintain our premium positioning and to grow our hotel business. We are looking to acquire further managed houses, either as bolt on packages or individual sites, to increase the size of both the Young's and Geronimo operations further.

Alongside this strategic progress, we achieved strong revenue and profit growth. Revenues increased by 25.5% to £179.0 million and, whilst this was significantly enhanced by a full year's contribution from Geronimo (compared with 16 weeks last year), we also delivered strong like-for-like managed house growth across both Young's and Geronimo.

Operating profit before exceptional items increased 20.3%. Profit before tax and exceptional items was up 17.4% at £21.3 million. Adjusted basic earnings per share increased 17.8% to 33.41 pence. Reported profits have been significantly impacted by largely non-recurring property related exceptional items which are described below.

Our estate was revalued last autumn at £497.4 million, a large net uplift of £174.0 million to book value. As previously reported and as required by accounting standards, this has been reflected in our accounts as a £203.1 million balance sheet credit for the property values that have increased and a £29.1 million exceptional charge to the income statement where they have fallen. The result of this and certain other exceptional items is a reported loss before tax of £7.5 million, and a basic loss per share of 11.13 pence.

During the year, we opened three new pubs and acquired a further one. We also made eight disposals and, since the year end, have exchanged contracts on another. Six of these sales were from our tenanted estate, reflecting our aim to retain a high quality but smaller tenanted estate alongside the managed operation that provides our core focus for growth. We therefore finished the year with 242 pubs, four fewer than last year, of which 187 were freehold and 13 were held on long leases at peppercorn rents.

The business generated a strong operating cash flow of £34.6 million which, together with the proceeds from the Wells & Young's share sale and pub disposals, allowed us to invest £25.6 million and reduce net debt by £4.5 million. Our balance sheet therefore remains robust with net debt at £118.1 million, 3.1 times EBITDA, and gearing at 37.2%.

None of this year's success could have been achieved without the tireless effort and commitment of our management and their teams both in the pubs and at head office. I am, as ever, most grateful to them all.

We are recommending a 5.1% increase in the final dividend to 7.25 pence per share, resulting in a total dividend for the year of 13.93 pence (2011: 13.26 pence). The final dividend, if approved, will be paid on 12 July 2012 to shareholders on the register at the close of business on 8 June 2012.

Business review

Managed houses

At the year end, the managed operation comprised 121 Young's pubs, 16 of which were hotels, and 33 Geronimo pubs.

Revenue for the year, which reflects a full year's contribution from Geronimo, was up 29.1% at £165.0 million. Our Young's managed house operation generated industry leading underlying growth with like-for-like sales, which excludes Geronimo, up 6.0%. Geronimo's sales, which do not currently form part of our total like-for-like sales, were up 9.8% compared with the corresponding year, the vast majority of which, pre-dated our period of ownership.

This performance was achieved against a mixed trading backdrop. We had good weather early and late in the year, the Royal Wedding weekend in April and Young's 180th birthday celebrations in September. At the same time, the difficult economic climate continued and there were the dreadful London riots in August.

The strong revenue growth, combined with tight cost control, mitigated some of the additional rates and utility cost burden and raw material inflation which increased our cost of goods. As a result, managed house operating profits were up 20.6% at £35.3 million, and up 5.2% on a like-for-like basis.

Our operating margin decreased from 22.9% to 21.4%, reflecting two factors: first, Geronimo's lower operating margins as a result of the proportionately larger number of leases in its estate and the resultant larger rent element and second, the impact of immature sites which have generated very impressive sales but at the cost of higher than normal levels of staffing costs in their early months' trading.

Our 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 12.1% at £345,000.

Liquor sales were up 5.0% on a like-for-like basis. Cask beer continues to outperform the market and we are well positioned to benefit from this resurgence. Beer and cider festivals continue to offer customers a diverse range of quality cask products, bringing new and younger drinkers into the category. With the addition of London craft beers such as Meantime, craft spirits such as Sipsmiths, innovative wine lists and premium soft drinks, our drinks range has been developed in tandem with the quality of the food and décor in our pubs, hence the successful premium pub offer.

Like-for-like food sales were up 7.2%, reflecting a continuing emphasis on high quality food, locally sourced and prepared in-house which has captured growth in demand for eating out with restaurant quality food in a relaxed pub atmosphere. This approach, coupled with the acquisition of Geronimo, has increased food sales as a proportion of the whole from 27.5% to 29.1%. This percentage reflects our commitment to striking the right balance of having a quality food offering whilst retaining the proper feel of a pub.

Accommodation sales were up 15.4%. This demonstrates the continued success of our growing hotel operation and, in particular, the benefits of last year's investments at the Alma (Wandsworth) and the Red Lion (Radlett). RevPAR (revenue per available room) rose strongly by 10.7% to £48.85. We are continuing to improve our hotel offering, with ten rooms having been added at the Bull's Head (Chislehurst), the interior at the Duke's Head (Wallington) being redeveloped and a new 17 bedroom hotel opening at the Foley Arms (Claygate) this autumn.

We have increased the level of support provided to our pubs, particularly through the recruitment of five additional Operations Managers. This allows us to deliver even better customer service and standards which in turn drives superior profit growth.

Overall, we invested £24.2 million in our managed houses during the year:

- Of this, £4.7 million was invested in four new sites. The Cow in the new Westfield shopping centre in Stratford next to the Olympic Park, the Oyster Shed on the north bank of the Thames by London Bridge, and the Lion & Unicorn, a freehold in Kentish Town, all opened as Geronimo pubs. The Plough at Clapham Junction, a New York inspired bar and kitchen, was added to the Young's estate.

- £9.6 million was invested in the existing managed estate including the Home Cottage (Redhill), which underwent a transformational redevelopment, the Hollywood Arms (Chelsea), the Founder's Arms (alongside the Tate Modern) and the Cock Tavern (Fulham).
- In addition, we acquired the freeholds of the Clarence (Whitehall), the Fentiman Arms (Vauxhall), the Kings Head (Winchmore Hill) and the Kings Head (Roehampton) for £9.1 million.
- After last year's successful conversion of the Coach and Horses (Isleworth) to a managed house, we moved a further three sites over from tenancy and invested £0.8 million in them. The iconic music venue in Putney, the Half Moon, and the Chelsea Ram have transferred to our Geronimo operation whilst the Shaftesbury (Richmond) has moved into our Young's one.

We disposed of the George (Fulham) and the Stinging Nettle (Shepherd's Bush), both pubs that failed to make an acceptable return on capital.

We continue to develop sales and marketing initiatives that are designed to build loyalty and communicate directly with customers, rather than simply buying custom through discounting. Our primary customer communication tool remains our e-marketing database, which has over 500,000 individual addresses for our managed estate. With an email being sent on average once a month to each registered address, this gave us some 6.5 million touch points across the year. Our integrated social media strategy, using Facebook and Twitter to widen our consumer reach, is also proving increasingly successful.

All our pubs and hotels are easily accessible online and in the past year we received over five million hits across our websites. In the last quarter alone, we have received over 10,000 online bookings.

In April 2011, we celebrated the Royal Wedding with a commemorative brew, Young's Prince of Ales, and local "street parties" at many pubs. In September 2011, we marked 180 years of Young's with a big Birthday Party in all our Young's pubs, with selected beers, including our specially brewed 1831 Anniversary Ale. These community celebrations will continue throughout 2012 across what will be a very busy summer with the Queen's Diamond Jubilee festivities and the London Olympics.

Also during the year, 32 of our pubs participated in the London Restaurant Festival, celebrating the diversity of London restaurants and, through our continued participation in Taste of London, we showcased our premium food and drink offer to over 50,000 Londoners.

Other initiatives include our "Perfect Sundays" campaign which has been launched through the pubs, Facebook and the press. The campaign has promoted Young's pubs as the perfect place to spend part of your weekend and offered customers the opportunity to engage with us to win their own Perfect Sunday.

The year finished with recognition from the trade of what has been a very good year. At the Publican Awards 2012, we picked up the trophies for Best Managed Pub Company (150+ sites) and Best Accommodation Operator. In addition, as always, one of the highlights of the year for the operations team was our own annual award ceremony which recognises the enormous talent we have within our managed operations. This year's winners were Mick and Sarah Dore at the Alexandra in Wimbledon. The Alexandra goes from strength to strength after a major refurbishment last year and Mick and Sarah play a major role in developing new initiatives and young talent within both their pub and Young's as a whole.

Tenanted houses

At the year end, following the disposal of six sites and the transfer of a further three to the managed operation, the tenanted operation comprised 88 pubs.

These disposals, which in aggregate raised £4.5 million in proceeds, reflect our strategy of concentrating on an estate of fewer but higher quality tenanted houses. Contracts have been exchanged on the sale of a further property. Whilst further disposals are possible, we believe that we now have a tenanted operation set for profitable growth.

Like-for-like revenue and operating profit were both up, by 0.6% and 4.1% respectively. Total revenue was down 5.8% at £13.6 million, and operating profit was down 1.9% at £5.3 million, both reflecting the smaller number of pubs compared with last year, and particularly the fact that three of the largest sites were transferred to the managed operations. However, the average EBITDAR per pub improved 1.9% to £73,000.

During the course of the year, we invested £1.1 million in our tenanted operation, in pubs such as the Bell (Broadway), Grand Junction Arms (Willesden), White Hart (Whitley), Old Sergeant (Wandsworth),

Lord Nelson (Sutton) and the Waggon and Horses (Surbiton).

We believe in the traditional tenancy model which remains an effective way of harnessing entrepreneurial talent, especially in an environment where raising money for business start-ups is so difficult. Our tenancy agreements are built on the principle of partnership, and we were one of the first pub companies to introduce its own code of practice. Within this "partnership", we offer tenants a wide range of training courses focusing on customer service, marketing and social media, product knowledge, and compliance with the ever-changing regulatory environment.

Investment and finance

At the year end, following the disposal of eight pubs, group revenue was up 25.5% at £179.0 million, and our operating profit before exceptional items was up 20.3% at £26.2 million. Despite the challenging consumer environment, we improved gross profit margins across the business. The operating margin, at 14.6%, was down from 15.2% last year, due primarily to the larger leasehold element within our Geronimo business and also to the lower initial margins generated by new sites.

Adjusted profit before tax increased by 17.4% to £21.3 million, reflecting last year's acquisition of Geronimo, market leading like-for-like sales growth in the managed business, and the continued strong performance of our hotels.

This year's reported results are significantly distorted by the following exceptional items and in particular the decision to change our accounting policy to take account of the estate revaluation which we feel reflects the value of our property portfolio better:

- A revaluation reserve movement of £203.1 million and a £29.1 million non-cash valuation adjustment via our income statement. This resulted from Colliers (Chartered Surveyors) revaluing our estate as at October 2011 at £497.4 million, comprising a large net uplift of £174.0 million to book value. Individual uplifts in value have been reflected in the revaluation reserve in the balance sheet; individual falls in value below cost have been accounted for through the income statement as required under international accounting standards.
- Acquisition costs of £0.5 million, including legal and professional fees and stamp duty, incurred on the purchase of the freehold interests of the Clarence (Whitehall), Fentiman Arms (Vauxhall) and the Kings Head (Winchmore Hill).
- A £1.3 million profit on the disposal of eight pubs.
- £0.4 million in compensation payments to terminate three leases so that these pubs could be brought into managed operations.
- A £0.2 million capital gains tax provision 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.

Finance costs at £6.1 million were £2.1 million higher than last year, the consequence of this year's increased average debt, due principally to the £60.0 million acquisition of Geronimo in December 2010. Interest costs are covered 4.3 times by operating profits.

We are recommending a 5.1% increase in the final dividend to 7.25 pence per share, making a total dividend for the year of 13.93 pence. The dividend is covered 2.4 times by our adjusted earnings.

In August 2011 we sold our 40% stake in Wells & Young's for £15.1 million. As a result, Wells & Young's has been treated as a discontinued operation and our comparatives have been restated accordingly. £5.1 million of the proceeds were received in February and the remaining £10.0 million is payable in two equal amounts in February 2013 and February 2014. The disposal has resulted in a £0.4 million loss (£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.

In addition, we disposed of eight pubs for a total of £7.0 million. These pubs were not achieving acceptable returns on capital and we believed that the capital would be better invested elsewhere.

The business generated a strong operating cash flow of £34.6 million which, together with these disposals, allowed us to invest £25.6 million and reduce net debt by £4.5 million. Net debt at the year end was £118.1 million, 3.1 times EBITDA. Following the large increase in the valuation of

the estate arising from the October revaluation, gearing at the year end was 37.2%.

None of our debt needs to be refinanced until December 2015. £100 million of our net debt has been fixed at just below 5.0%. Longer term interest rates have fallen over the year and as a result we are enjoying lower rates on our variable debt. Where we have taken the decision to fix interest rates, there has been an £8.2 million adverse movement in our interest rate swap valuation which has been charged to equity.

The £8.3 million retirement benefit scheme deficit deteriorated by £0.7 million during the year. Pension liabilities increased as a result of falling bond yields and their adverse impact on the discount rate applied to valuing future commitments. This, coupled with improving life expectancy, offset gains made from the investments held and the extra contributions the company made during the year.

Having taken account of the recent estate valuation, which excludes the benefit of a lotting premium, our net assets per share at the year end were £6.59 post deferred tax and £7.71 pre deferred tax.

Current trading and outlook

We enter the current year in excellent shape, now wholly focused on a large and expanding premium managed pub estate and a smaller, high quality tenanted one; both of these are well invested and capable of generating attractive profitable growth going forward. The combined talent from the Young's and Geronimo teams is being brought to bear energetically to maximise the potential of these operations.

Trading in the current year will benefit from the full year impact of last year's investments reaching maturity, including both new pubs – such as the Cow, the Oyster Shed and the Plough – and the three sites recently transferred from tenancy.

The current pipeline of openings is encouraging, with the Calf in Westfield (Stratford) opening in June for seven months and the King's Head (Roehampton) and the Wheatsheaf (Borough Market), both opening in the autumn.

Furthermore, our financial position is such that we are able to continue to acquire managed houses, either as bolt on packages or individual sites, and recently we have seen an improvement in the number of attractive opportunities becoming available.

We continue to capitalise on the development opportunity across our estate to add more accommodation. 23 rooms have been added over the last two years and a further 27 are planned or are due to be developed over the next year

Our performance in recent weeks has inevitably been affected by the dismal weather conditions; the glorious weather we enjoyed in the same period in 2011 makes the year on year comparisons more challenging still. Managed house revenue in the first seven weeks of the year was up 3.9% in total but down 2.0% on a like-for-like basis. This like-for-like figure includes Geronimo as it has now traded within the business for a complete financial year.

We can't do anything about the weather but our premium strategy, well-invested estate and management focus should continue to drive superior like-for-like growth over normal comparative periods.

Our orientation towards London and the South East continues to help insulate us in part against the worst of the economic uncertainty and its pressure on consumers. This positioning will be of particular benefit in the coming months as London celebrates the Queen's Diamond Jubilee and as the Olympic Games come to town. As a sign of activity to come, our advance hotels bookings are already up on the number of rooms actually sold last year and our five most central sites already having bookings in excess of 90% of their capacity over the Olympic weeks.

We are clearly focused on generating profitable growth from our pub estate and on maximising value for shareholders. With a clear strategy in place, we look forward to this year and the longer term future with confidence.

Stephen Goodyear
Chief Executive
23 May 2012

Group income statement

For the 52 weeks ended 2 April 2012

	Notes	2012 52 weeks £000	2011 53 weeks £000
Continuing operations			
Revenue		178,964	142,597
Operating costs before exceptional items		(152,802)	(120,851)
Operating profit before exceptional items		26,162	21,746
Operating exceptional items	3	(28,827)	(4,883)
Operating (loss)/profit		(2,665)	16,863
Finance costs		(6,135)	(4,015)
Finance revenue		537	9
Other finance income		769	437
(Loss)/profit before tax		(7,494)	13,294
Taxation	4	(3,540)	(2,390)
Taxation on property revaluation	4	5,640	-
Recognition of rollover claim	4	-	4,945
(Loss)/profit for the period from continuing operations		(5,394)	15,849
Discontinued operations			
(Loss)/profit for the period from discontinued operations	5	(1,117)	1,964
(Loss)/profit for the period		(6,511)	17,813
Attributable to			
Shareholders of the parent		(6,484)	17,827
Non controlling interest		(27)	(14)
(Loss)/profit for the period		(6,511)	17,813
		Pence	Pence
Earnings per 12.5p ordinary share			
Basic and diluted from continuing operations	8	(11.13)	32.89
Basic and diluted from continuing and discontinued operations	8	(13.45)	36.97

All discontinued operations are attributable to the shareholders of the parent.

Group statement of comprehensive income

For the 52 weeks ended 2 April 2012

	Notes	2012 52 weeks £000	2011 53 weeks £000
(Loss)/profit for the period		(6,511)	17,813
Other comprehensive income			
Actuarial (loss)/gain on retirement benefit schemes		(4,088)	3,228
Hedging reserve fair value movement of interest rate swap		(8,215)	282
Unrealised gain on revaluation of property	9	203,065	-
Tax on above components of other comprehensive income	4	(41,222)	(1,455)
Discontinued operations' actuarial loss (net of deferred tax) on retirement benefit schemes		(377)	(678)
		149,163	1,377
Total comprehensive income		142,652	19,190
Attributable to			
Shareholders of the parent		142,679	19,204
Non controlling interest		(27)	(14)
Total comprehensive income		142,652	19,190

All discontinued operations are attributable to the shareholders of the parent.

Group balance sheet

At 2 April 2012

	Notes	2012 £000	2011 £000
Non current assets			
Goodwill		20,426	20,426
Property and equipment	9	502,042	320,204
Investment in associate	5	-	15,273
Other financial asset	5	4,463	600
		526,931	356,503
Current assets			
Inventories		2,342	2,143
Other financial asset	5	4,749	-
Trade and other receivables		4,445	4,887
Cash		3,914	2,332
		15,450	9,362
Non current assets classified as held for sale		755	-
Total assets		543,136	365,865
Current liabilities			
Borrowings		(5)	(2,672)
Trade and other payables		(26,140)	(26,181)
Income tax payable		(2,469)	(1,758)
		(28,614)	(30,611)
Non current liabilities			
Borrowings		(121,978)	(122,275)
Derivative financial instruments		(12,223)	(4,008)
Deferred tax		(54,388)	(19,862)
Retirement benefit schemes		(8,290)	(7,592)
		(196,879)	(153,737)
Total liabilities		(225,493)	(184,348)
Net assets		317,643	181,517
Capital and reserves			
Share capital		6,028	6,028
Share premium		1,274	1,274
Capital redemption reserve		1,808	1,808
Hedging reserve		(9,290)	(2,966)
Revaluation reserve		158,731	-
Retained earnings		159,134	175,388
Equity attributable to equity shareholders of the parent		317,685	181,532
Non controlling interest		(42)	(15)
Total equity		317,643	181,517

Group statement of cash flow

For the 52 weeks ended 2 April 2012

	Notes	2012 52 weeks £000	2011 53 weeks £000
Operating activities			
Net cash generated from operations	10	34,601	29,743
Interest received		5	9
Tax paid		(3,885)	(4,357)
Net cash flow from operating activities		30,721	25,395
Investing activities			
Sales of property and equipment		7,033	3,316
Sale of discontinued operations	5	5,100	-
Purchases of property and equipment	9	(25,605)	(18,614)
Business combinations, net of cash acquired		-	(60,000)
Net cash used in investing activities		(13,472)	(75,298)
Financing activities			
Interest paid		(6,154)	(3,753)
Equity dividends paid	6	(6,549)	(6,327)
(Decrease)/increase in borrowings		(300)	58,073
(Decrease)/increase in short term borrowings		(2,664)	2,667
Net cash flow (used in)/from financing activities		(15,667)	50,660
Increase in cash		1,582	757
Cash at the beginning of the period		2,332	1,575
Cash at the end of the period		3,914	2,332

Group statement of changes in equity
At 2 April 2012

	Notes	Share capital(1) £000	Capital redemption reserve £000	Hedging reserve £000	Revaluation reserve £000	Retained earnings £000	Total equity attributable to equity shareholders £000	Non controlling interest £000	Total equity £000
At 30 March 2010		7,302	1,808	(3,089)	-	162,593	168,614	-	168,614
Total comprehensive income									
Profit / (loss) 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
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)
Discontinued operations' 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	6	-	-	-	-	(6,327)	(6,327)	-	(6,327)
Share based payments by discontinued operations		-	-	-	-	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
Total comprehensive income									
Loss for the period		-	-	-	-	(6,484)	(6,484)	(27)	(6,511)
Other comprehensive income									
Actuarial loss on retirement benefit schemes		-	-	-	-	(4,088)	(4,088)	-	(4,088)
Fair value movement of interest rate swap		-	-	(8,215)	-	-	(8,215)	-	(8,215)
Unrealised gain on revaluation of property	9	-	-	-	203,065	-	203,065	-	203,065
Tax on above components of other comprehensive income	4	-	-	1,891	(43,702)	589	(41,222)	-	(41,222)
Discontinued operations' actuarial loss (net of deferred tax) on retirement benefit schemes		-	-	-	-	(377)	(377)	-	(377)
		-	-	(6,324)	159,363	(3,876)	149,163	-	149,163
Total comprehensive income		-	-	(6,324)	159,363	(10,360)	142,679	(27)	142,652
Transactions with owners recorded directly in equity									
Dividends paid on equity shares	6	-	-	-	-	(6,549)	(6,549)	-	(6,549)
Revaluation reserve realised on disposal of properties		-	-	-	(632)	632	-	-	-
Share based payments by discontinued operations		-	-	-	-	23	23	-	23
		-	-	-	(632)	(5,894)	(6,526)	-	(6,526)
At 2 April 2012		7,302	1,808	(9,290)	158,731	159,134	317,685	(42)	317,643

(1) Total share capital comprises the share capital issued and fully paid of £6,028,000 (2011: £6,028,000) and the share premium account of £1,274,000 (2011: £1,274,000).

Notes

1. Accounts

This preliminary announcement was approved by the board on 23 May 2012. The financial statements in it are not the group's statutory financial statements. The statutory financial statements for the period ended 4 April 2011 have been delivered to the Registrar of Companies. The auditor has reported on those financial statements (and on the statutory financial statements for the period ended 2 April 2012, 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 period ended 2 April 2012, which are expected to be mailed to shareholders on or before 13 June 2012. The financial statements will also be available on the group's website, www.youngs.co.uk.

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.

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 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, also for Young's managed houses, 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 £473,000 between the segments in the current period (2011: £95,000), which have been eliminated on consolidation. Intersegment sales are charged at current market prices. The group's revenue is derived entirely from the UK.

Income statement	Managed houses £000	Tenanted houses £000	Segment total £000	Unallocated £000	Total £000
2012 - 52 weeks					
External revenue	164,999	13,555	178,554	410	178,964
Intersegment revenue	-	-	-	473	473
Total segment revenue	164,999	13,555	178,554	883	179,437
Depreciation and amortisation	(10,158)	(1,222)	(11,380)	(460)	(11,840)
Operating profit before exceptional items	35,257	5,286	40,543	(14,381)	26,162
2011 - 53 weeks					
Segment revenue	127,836	14,392	142,228	369	142,597
Intersegment revenue	-	-	-	95	95
Total segment revenue	127,836	14,392	142,228	464	142,692
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

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

	2012 £000	2011 £000
Operating profit before exceptional items	26,162	21,746
Operating exceptional items	(28,827)	(4,883)
Finance costs	(6,135)	(4,015)
Finance revenue	537	9
Other finance income	769	437
(Loss)/profit before tax from continuing operations	(7,494)	13,294

3. Exceptional items

	2012	2011
	52 weeks	53 weeks
	£000	£000
Amounts included in operating profits:		
Movement on the revaluation of properties	(29,110)	-
Acquisition costs	(489)	(2,040)
Profit on sales of properties	1,306	542
Compensation to terminate leases	(382)	-
Capital gains tax on ESOP allocated shares	(152)	(166)
Impairment of properties (<i>note 9</i>)	-	(1,882)
Integration costs	-	(1,142)
Hotel project fees written off	-	(195)
	(28,827)	(4,883)
Exceptional tax:		
Movement on the revaluation of properties	5,640	-
Change in corporation tax rate	1,746	1,394
Tax attributable to above adjustments	(39)	729
Recognition of rollover claim	-	4,945
	7,347	7,068
Total exceptional items after tax	(21,480)	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 £26,534,000 and fixtures and fittings at £2,576,000. See note 1 for further details on the change in accounting policy to the revaluation model, and note 5 for segmental information.

The acquisition costs include legal fees and stamp duty incurred on the purchase of the freeholds of the Clarence (Whitehall), Fentiman Arms (Vauxhall) and Kings Head (Winchmore Hill).

The profit on sales of properties relates to the difference between the cash, less selling costs, received from the sale of the George (Fulham), Charlie Butler (Mortlake), Castle (Battersea), Bricklayers Arms (Sydenham), Britannia Tap (Kensington), Stinging Nettle (Shepherd's Bush), Queen Dowager (Teddington) and Prince of Wales (Tooting) and the carrying value of the assets on the date of sale.

Compensation paid to terminate leases represents payments made to former tenants to enable properties to be moved into both the Young's managed houses and Geronimo managed houses operating segments.

The capital gains tax on ESOP allocated shares relates to the shares held within the Ram Brewery Trust II on behalf of the 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.

In the prior period, exceptional costs related to an impairment charge, one off integration costs, and hotel project fees relating to unsuccessful research costs.

4. Taxation

	2012	2011
	52 weeks	53 weeks
Group income statement	£000	£000
Current tax		
Current tax expense	(4,825)	(4,631)
Adjustment in respect of current tax of prior periods	229	553
	(4,596)	(4,078)
Deferred tax		
Movement on the revaluation of properties	5,640	-
Origination and reversal of temporary differences	(875)	555
Change in corporation tax rate	1,746	1,394
Adjustment in respect of prior periods	185	(261)
Recognition of rollover claim	-	4,945
	6,696	6,633
Tax credit	2,100	2,555
Presented in the income statement as follows:		
Taxation	(3,540)	(2,390)
Taxation on property revaluation	5,640	-
Recognition of rollover claim	-	4,945
Tax credit	2,100	2,555
Group statement of comprehensive income		
Deferred tax		
Movement on the revaluation of properties	(47,344)	-
Retirement benefit schemes	1,063	(904)
Interest rate swaps	2,136	(79)
Change in corporation tax rate	2,923	(472)
Tax expense	(41,222)	(1,455)
Group income statement - deferred tax		
Property revaluation and disposals	4,926	6,786
Fair value gains on acquisition of subsidiaries	1,543	157
Capital allowances	1,583	265
Utilisation of tax losses	(426)	(154)
Retirement benefit schemes	(858)	(444)
Other tax provisions	(72)	23
Tax credit	6,696	6,633

As described in note 1, the group changed its accounting policy for property and equipment. The tax impact in relation to the downward movement was a credit in the income statement of £5.6 million, while the impact of the upward movement was a debit through the statement of comprehensive income of £47.3 million. In the prior period, property revaluation and disposals included the reduction in the deferred tax liability by £4.9 million arising from the allocation of rolled over capital gains to specific assets in August 2010 and the subsequent claim to HM Revenue & Customs.

During the period, as a result of the change in the UK corporation tax rate from 26% to 24%, that was substantively enacted in two parts on 5 July 2011 and on 26 March 2012, and is effective from 1 April 2012, the relevant deferred tax balances have been re-measured. Deferred tax expected to reverse in the period ending 1 April 2013 and thereafter has been measured using the effective rate that will apply in the UK for the period.

Further reductions to the UK tax rate have been announced. The changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 22% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and are not therefore recognised in these financial statements.

5. Discontinued operations

On 8 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 expand the group's core business.

The consideration receivable for the company's shareholding is £15.1 million in cash. £5.1 million was received 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 £4,749,000 is held under current assets and £4,463,000 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:

	2012 52 weeks £000
Cash consideration	13,782
Net assets disposed	(15,455)
Disposal costs	(60)
Loss on disposal of discontinued operations	(1,733)

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

	2012 52 weeks £000	2011 53 weeks £000
Share of associate's profit before exceptional items and tax	1,289	2,642
Share of associate's exceptional items	(401)	(141)
Share of associate's tax expense	(272)	(537)
Share of associate's post tax result	616	1,964
Loss on disposal of discontinued operations	(1,733)	-
Tax on loss on disposal of discontinued operations	-	-
(Loss)/profit for the period from discontinued operations	(1,117)	1,964

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

Investment in associate

	2012 £000	2011 £000
Opening balance	15,273	13,942
Items charged directly to equity	(354)	(637)
Share of profit of associate	616	1,964
(Release)/increase of stock provision	(80)	4
Disposal	(15,455)	-
	-	15,273

6. Dividends on equity shares

	2012 52 weeks Pence	2011 53 weeks Pence	2012 52 weeks £000	2011 53 weeks £000
Final dividend (previous period)	6.90	6.76	3,328	3,260
Interim dividend (current period)	6.68	6.36	3,221	3,067
	13.58	13.12	6,549	6,327

In addition, the board is proposing a final dividend in respect of the period ended 2 April 2012 of 7.25p per share at a cost of £3,496,000. If approved, it is expected to be paid on 12 July 2012 to shareholders who are on the register of members at the close of business on 8 June 2012.

7. 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. All the results below are from continuing operations.

	2012 52 weeks £000	2011 53 weeks £000
(Loss)/profit before tax	(7,494)	13,294
Operating exceptional items (note 3)	28,827	4,883
	21,333	18,177

8. Earnings per ordinary share

(a) Earnings	2012	2011
	52 weeks	53 weeks
	£000	£000
(Loss)/profit from continuing operations	(5,367)	15,863
(Loss)/profit from discontinued operations	(1,117)	1,964
(Loss)/profit attributable to equity holders of the parent	(6,484)	17,827
(Loss)/profit from continuing operations	(5,367)	15,863
Operating exceptional items	28,827	4,883
Tax attributable to above adjustments	39	(729)
Tax on movement on revaluation of properties	(5,640)	-
Change in corporation tax rate	(1,746)	(1,394)
Recognition of rollover relief claim	-	(4,945)
Adjusted earnings after tax	16,113	13,678
	Number	Number
	000	000
Basic and diluted weighted average number of ordinary shares in issue	48,224	48,224
(b) Basic and diluted earnings per share		
	Pence	Pence
Basic and diluted from continuing operations	(11.13)	32.89
Basic and diluted from discontinued operations	(2.32)	4.08
Basic and diluted	(13.45)	36.97
(c) Adjusted basic and diluted earnings per share		
	Pence	Pence
Basic and diluted from continuing operations	(11.13)	32.89
Effect of exceptional items and other adjustments listed above	44.54	(4.53)
Adjusted basic and diluted from continuing operations	33.41	28.36

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.

9. Property and equipment

	Land & buildings £000	Fixtures, fittings & equipment £000	Total £000
Cost or valuation			
At 30 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	12,405	13,200	25,605
Transfer from other financial assets	600	-	600
Disposals	(7,799)	(1,026)	(8,825)
Transfer to assets held for sale	(777)	-	(777)
Fully depreciated assets	-	(5,124)	(5,124)
Revaluation*	201,544	-	201,544
At 2 April 2012	509,295	80,025	589,320
Depreciation and impairment			
At 30 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	2,650	9,190	11,840
Disposals	(2,377)	(721)	(3,098)
Transfer to assets held for sale	(22)	-	(22)
Fully depreciated assets	-	(5,124)	(5,124)
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)
At 2 April 2012	43,359	43,919	87,278
Net book value			
At 30 March 2010	231,188	31,776	262,964
At 4 April 2011	285,227	34,977	320,204
At 2 April 2012	465,936	36,106	502,042

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

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

	52 weeks 2012 £000	53 weeks 2011 £000
(Loss)/profit before tax on continuing operations	(7,494)	13,294
Net finance cost	5,598	4,006
Other finance income	(769)	(437)
Operating (loss)/profit on continuing operations	(2,665)	16,863
Depreciation	11,840	10,031
Movement on revaluation of properties	29,110	-
Impairment of property	-	1,882
Profit on sales of properties	(1,306)	(542)
Difference between pension service cost and cash contributions paid	(2,621)	(2,864)
Provision for capital gains tax on ESOP allocated shares	152	166
Movements in working capital		
Inventories	(119)	25
Receivables	442	257
Payables	(232)	3,925
Net cash generated from operations	34,601	29,743
Analysis of net debt		
	2012 £000	2011 £000
Cash	3,914	2,332
Loan capital and finance leases	(121,983)	(124,947)
Net debt	(118,069)	(122,615)