YOUNG & CO.'S BREWERY, P.L.C.

INTERIM RESULTS FOR THE 26 WEEKS ENDED 29 SEPTEMBER 2014

	2014 £m	2013 £m	% Change
Revenue	**116.6**	108.2	+7.8
Adjusted operating profit*	**21.3**	18.7	+13.9
Operating profit	**21.7**	17.7	+22.6
Adjusted profit before tax*	**18.4**	15.9	+15.7
Profit before tax	**18.8**	14.9	+26.2
Adjusted basic earnings per share*	**30.00p**	25.28p	+18.7
Basic earnings per share	**30.41p**	27.97p	+8.7
Interim dividend per share	**7.90p**	7.45p	+6.0

All of the results above are from continuing operations.

*Reference to an "adjusted" item means that item has been adjusted to exclude exceptional items (see note 3).

HIGHLIGHTS

- Very strong performance for the half year driven by:
  - strong total and like-for-like performance in the managed estate;
  - continued growth of our successful hotels; and
  - a return to growth in our tenanted division;
- Revenue up 7.8% in total, and up 6.9% on a like-for-like basis;
- Managed house revenue up 7.5% to £110.0 million, with same outlet like-for-like sales up 7.0%, and managed house operating profit up 7.9%;
- Continued positive momentum in hotels, with a further 63 rooms added, accommodation revenue up 19.7% and RevPAR up 9.3% from £55.22 to £60.37;
- The tenanted estate, recently re-launched as the Ram Pub Company, returned to growth with total revenue up by 12.3% and by 4.6% on a like-for-like basis;

- Further expansion of the managed estate through selective acquisitions: two new managed houses and two sites in partnership with Berkeley Homes acquired during the first half, and four further managed houses added since period end;
- Net debt increased to £116.6 million owing to investment in both the existing estate and new acquisitions, but continued to fall as a multiple of the last twelve months' EBITDA (2.36 times);
- 6.0% increase in the interim dividend to 7.90 pence, the 18th consecutive interim dividend increase; and
- Encouraging trading since the period end, with managed house revenue in the first seven weeks up 10.3% in total, up 8.8% on a like-for-like basis, and further impetus to come from newly acquired sites.

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

"We are delighted to report another period of very strong trading, with further impressive sales growth from our managed estate and a return to growth in our tenanted division. Our many pubs in riverside locations and with attractive beer gardens have clearly benefited from the long, warm summer. Fundamentally however, our continued like-for-like growth comes from having high quality, well-invested pubs and hotels in a range of great locations, with a premium food and drink offering delivered by talented and motivated teams across both Young's and Geronimo.

We acquired two pubs and two development sites during the half, and a further four pubs since the period end. With our strong balance sheet, we continue to pursue opportunities to acquire both pubs and hotels that fit our premium profile.

After the extended summer, trading has continued very positively into the autumn, and further impetus in the current year will come from the newly acquired pubs as well as from the re-opening of some of those currently undergoing redevelopment. We are confident that the strength of our existing estate, coupled with our appetite to grow further through acquisition, will continue to serve us well for the remainder of the year and beyond."

For further information, please contact:

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INTERIM STATEMENT

I am delighted to report another very strong period of trading. This has been driven by absolute and like-for-like growth in our managed estate, the benefit of an extended summer, the continued growth of our successful hotels, and the return to growth of our tenanted division. As a result, total revenue was £116.6 million, up 7.8%, with profit before tax up 26.2% at £18.8 million and, once adjusted for exceptional items, up 15.7% at £18.4 million.

Our managed house like-for-like sales were up by 7.0% and tenanted house like-for-like sales up 4.6%. Our managed house performance is particularly pleasing given the like-for-like performances we achieved over the past few summers, with growth in the two previous first half years of 6.0% and 6.1% respectively. Our excellent tenanted estate has returned to growth with the early signs being promising following the rebranding of our estate as the Ram Pub Company in the summer and the culmination of management initiatives over the last few years.

Our balance sheet strength provides us with the opportunity to expand our estate further through acquisitions. During the period we acquired the Fox & Anchor in Smithfield Market, the White Bear in Kennington and two more development sites in partnership with Berkeley Homes, one in its Riverlight development in Nine Elms and another in the Woolwich Arsenal.

After the period end, we completed the acquisition of the entire issued share capital of 580 Limited for £10.4 million, adding a further four large London managed houses: the Defector's Weld (a freehold in Shepherds Bush), the John Salt (a freehold in Islington), the Fellow (a leasehold adjacent to King's Cross station) and the Owl & Pussycat (a leasehold in Shoreditch).

In total, these acquisitions bring the number of pubs we own to 245, more than 200 of which are either freehold or on long leases with peppercorn rents.

We note the House of Commons vote earlier this week which seeks to alter the relationships some pub companies have with their tenants, in particular giving them the right to operate outside of the tie. With 245 pubs (managed and tenanted combined) we are well below the 500 pub level at which the intended legislation is targeted. Our tenanted operation delivered just 5.5% of the group's revenue in the half year.

In line with our progressive dividend policy, the board has decided to raise the interim dividend for the 18th consecutive year. A dividend of 7.90 pence per share, an increase of 6.0%, will be paid on 12 December 2014 to shareholders on the register at the close of business on 28 November 2014.

BUSINESS REVIEW

MANAGED HOUSES

Our Managed House operation, through its 127 Young's pubs (including 21 hotels) and 35 Geronimo pubs, had an excellent half, with revenue up 7.5% in total and up 7.0% on a like-for-like basis. Adjusted operating profit was up 7.9%.

In total, we invested £20.4 million on our managed house estate: £7.2 million in Young's hotels including the Fox & Anchor, £9.9 million in Young's pubs and £3.3 million in Geronimo pubs.

The first six months saw the successful completion of the next stage of our hotel expansion plans. 63 new rooms were added through a combination of converting existing space into rooms, acquisitions and a transfer between our tenanted and managed operations.

We now have a new 17-room hotel at the Dog & Fox (Wimbledon Village), a new 13-room hotel at the Orange Tree (Richmond) and an additional 13 rooms at the Windmill (Clapham Common). In addition, we acquired the iconic Fox & Anchor, a boutique six-room hotel in the heart of the City, and the Lamb Inn (Hindon), a 19-room hotel in the West Wiltshire Downs, was transferred from our tenanted to our managed division. Our hotel rooms – 463 in total – are of a very high quality and compare favourably with some of the best boutique hotel rooms in London. Our investment in hotels helped lift our accommodation revenue by 19.7% in the period. Occupancy rates were up 2.4% points and we achieved a step change in RevPAR (revenue per available room), with an impressive increase of £5.15, or 9.3%, to £60.37.

The major pub investments in the period were at the Betjeman Arms (St Pancras), Britannia (Kensington), Crooked Billet (Wimbledon), Finch's (formerly the Master Gunner, Finsbury Square), Halfway House (Earlsfield), Porchester (Paddington), Richard 1st (Greenwich) and the Seven Stars (Brighton). In September we acquired the White Bear, just a two minute walk from Kennington Underground Station.

The Castle (Tooting), complete with orangery and "mini castles" in its spectacular garden, has been the stand-out performer from last year's refurbishments. Since this transformational development completed in April the pub's average weekly sales have reached £59,100.

These investments have driven strong increases in both revenue and profits in our managed division. Young's revenue was up 8.6% in total and an impressive 7.9% on a like-for-like basis, and Geronimo's was up 4.6% in total and 4.3% on a like-for-like basis. During the past few months we have, as expected, seen airlines move from Heathrow's Terminal One, where the Tin Goose resided, to the new Terminal Two. This had an adverse impact on the total Geronimo result and it will impact the second half of the year as it closed its doors for good on 22 October 2014.

Drink sales were up 6.7% in total and up 6.3% like-for-like, driven by both volume and price. Growth was seen across all the main product groups of beer, cider, wine and spirits. The introduction of our Young's London Stout, smartly dressed in its pinstripe-branded glassware, has proved tailor-made for the craft ale enthusiast.

Food sales were up 7.9% in total and 7.3% on a like-for-like basis. Aided by our ongoing pub investment programme, they continue to outperform drink and now represent 29.5% of our revenue mix. Our pubs have become food destinations of choice with broad appeal, offering both quality and value. According to the 2013 Mintel report, pubs are the first choice when eating out for 57% of consumers. Our pubs have the right ingredients of atmosphere, informality and energy to provide the social experience that today's consumers want and expect, but not to the detriment of our regulars.

Our premium offer would be nothing without the talent, drive and commitment of our staff and we are determined that Young's should remain a very attractive career choice. We are proud of our record of developing and retaining people through offering clear career progression opportunities, and a mixture of high quality in-house and external training. Over 70% of our pub managers are internal promotions and we sponsor more than 15 apprenticeships in professional cookery courses at local colleges.

TENANTED HOUSES

This summer saw the relaunch of the tenanted operation as the Ram Pub Company. This created a fresh external brand identity that has helped to distinguish the tenanted pubs from those within the Young's managed estate. It also gave us an opportunity to focus on further improving the way in which we engage with our tenants and provide them with the tools they need to run successful pubs. The new Ram Pub Company website www.rampubcompany.co.uk is aimed at attracting both customers and new tenants alike, and early signs are very encouraging. As part of a refocused support package we have provided our tenant partners with free access to a suite of e-learning courses, aimed at enhancing staff skills, improving staff retention and helping with legal compliance. These are proving very popular. In addition, the stronger support team is actively working with suppliers to improve the product range and exceed the demanding needs of the modern tenant.

We remain committed to the traditional tenanted model, working with our tenants to provide them with mainly three or five year arrangements where we provide the financial support for trade building investments, operational and marketing expertise and in turn harness the entrepreneurial drive of our tenant. The House of Commons vote earlier this week seeks to alter relationships some businesses have with their tenants, in particular the right to operate outside of the tie but, as previously stated, given the size of our estate, we are well below the 500 pub level at which the intended legislation is targeted.

We continued to invest in our tenanted estate. This year's major developments include the Butcher's Hook (formerly the Thatched House, Hammersmith), Dog & Bull (Croydon), Falkland Arms (Dorking) and the Railway Bell (Norwood).

The combined impact of the relaunch and management initiatives over recent years are showing promising results, with total revenue up 12.3% and operating profit up 21.1%. We now operate 81 tenanted pubs; this is an increase of two on the previous year-end, resulting from four transfers from our managed estate (the Butcher's Hook, King's Arms (Epsom), Marquess Tavern (Islington) and the Riverside Inn (Chelmsford)), one transfer in the opposite direction (Lamb Inn) and the sale of the Tamworth Arms (Croydon).

INVESTMENT AND FINANCE

The combination of revenue growth of 7.8% and improving margins has increased our operating profit by 15.7% once adjusted for exceptional items. Revenue performance has been strong across the business, with our managed division up 7.5% and our tenanted business, after a long period of restructuring, up a very satisfying 12.3%. Operating margins improved once more, this time by 100 basis points to 18.3% with improvements both in our managed, which represents 94.3% of sales, and our tenanted division. Profit before tax increased by 26.2% to £18.8 million; once adjusted for exceptional items, it increased by 15.7% to £18.4 million. Adjusted earnings per share increased by 18.7% to 30.00 pence.

We invested £21.3 million in the period, financed by operating cash flow and an increase in net debt. The latter increased by £4.6 million to £116.6 million, but the improved profitability has resulted in net debt continuing to fall as a multiple of the last twelve months' EBITDA, now 2.36 times (March 2014: 2.45 times). Interest costs were covered 7.6 times (2013: 7.2 times) by adjusted operating profit, and gearing was 29.8% (2013: 32.0%).

Our retirement benefit deficit has increased by £3.2 million to £9.2 million largely as a result of a decrease in corporate bond yields; this market rate is used by our actuary to determine the rate at which our liabilities are discounted.

As a result of these results, we have increased our interim dividend by 6.0% to 7.90 pence per share. This, the 18th consecutive rise in the interim dividend, is the result of a progressive policy, one that delivers year-on-year growth whilst we retain funds for the investment on which this long term track record depends.

CURRENT TRADING AND OUTLOOK

After the very welcome extended summer, trading has continued positively into the autumn. Managed house revenue, benefiting from recent acquisitions and coupled with the investments both in the 63 extra hotel rooms and in our pubs generally, was up 10.3% in total and up 8.8% on a like-for-like basis for the first seven weeks of the second half.

Further impetus in the current year will come from the four pubs acquired through 580 Ltd and the Bull and Gate (Kentish Town), the long-awaited opening of which is set for late winter. Looking further out, the two sites being developed in partnership with Berkeley Homes are likely to open in the late summer next year. With our robust balance sheet, we continue to pursue opportunities to acquire both pubs and hotels that fit our profile both in London and the south of England.

Our success is built on secure foundations that we believe are the cornerstone for superior investor returns: well-invested and well-located pubs, a diverse premium product range across drink and food, and the energy and dedication of our employees. Whilst the economy continues to improve, the risk of rising interest rates and the political uncertainty surrounding next year's election mean that we cannot be complacent. However, we are confident that the strength of our existing estate, coupled with our appetite to grow further through acquisition, will continue to serve us well for the remainder of the year and beyond.

Stephen Goodyear
Chief Executive
19 November 2014

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 29 September 2014 which comprises the group income statement, the group statement of comprehensive income, the group balance sheet, the group statement of changes in equity, the group statement of cash flow 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 International Standard on Review Engagements 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 IFRS 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 2410 (UK and Ireland), "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 29 September 2014 has not been prepared, in all material respects, in accordance with the accounting policies outlined in note 1, which comply with IFRS as adopted by the European Union and in accordance with the AIM Rules issued by the London Stock Exchange.

Ernst & Young LLP
London
19 November 2014

Group income statement

For the 26 weeks ended 29 September 2014

	Notes	**Unaudited 26 weeks to 29 Sep 2014 £m**	Unaudited 26 weeks to 30 Sep 2013 £m	Audited 52 weeks to 31 Mar 2014 £m
Revenue		**116.6**	108.2	210.8
Operating costs before exceptional items		**(95.3)**	(89.5)	(177.6)
Operating profit before exceptional items		**21.3**	18.7	33.2
Operating exceptional items	3	**0.4**	(1.0)	(0.6)
Operating profit		**21.7**	17.7	32.6
Finance costs		**(2.8)**	(2.8)	(5.9)
Finance revenue		**-**	0.2	0.3
Other finance charge	9	**(0.1)**	(0.2)	(0.4)
Profit before tax		**18.8**	14.9	26.6
Taxation	4	**(4.1)**	(1.4)	(4.5)
Profit for the period attributable to shareholders		**14.7**	13.5	22.1

		Pence	Pence	Pence
Earnings per 12.5p ordinary share				
Basic	5	**30.41**	27.97	45.78
Diluted	5	**30.36**	27.94	45.72

The results and earnings per share measures above are all from continuing operations.

Group statement of comprehensive income

For the 26 weeks ended 29 September 2014

	Notes	**Unaudited 26 weeks to 29 Sep 2014 £m**	Unaudited 26 weeks to 30 Sep 2013 £m	Audited 52 weeks to 31 Mar 2014 £m
Profit for the period		**14.7**	13.5	22.1
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of retirement benefit schemes	9	**(5.0)**	2.4	3.0
Tax on remeasurement of retirement benefit schemes	4	**1.0**	(1.3)	(1.4)
Items that will be reclassified subsequently to profit or loss:				
Unrealised gain on revaluation of property	8	**4.2**	-	21.9
Fair value movement of interest rate swaps		**(0.5)**	4.0	5.6
Tax on components of other comprehensive income	4	**(0.5)**	4.4	0.7
		(0.8)	9.5	29.8
Total comprehensive income for shareholders		**13.9**	23.0	51.9

Group balance sheet
At 29 September 2014

	Notes	**Unaudited At 29 Sep 2014 £m**	Unaudited At 30 Sep 2013 £m	Audited At 31 Mar 2014 £m
Non current assets				
Goodwill		**20.4**	20.4	20.4
Property and equipment	8	**578.1**	527.6	559.2
Deferred tax assets		**6.2**	5.0	4.8
		604.7	553.0	584.4
Current assets				
Inventories		**2.7**	2.5	2.6
Other financial asset		**-**	4.9	-
Trade and other receivables		**5.3**	4.7	5.9
Cash		**0.2**	2.3	2.4
		8.2	14.4	10.9
Total assets		**612.9**	567.4	595.3
Current liabilities				
Borrowings		**(2.2)**	(10.0)	-
Trade and other payables		**(27.9)**	(26.3)	(29.2)
Income tax payable		**(4.0)**	(4.0)	(3.2)
		(34.1)	(40.3)	(32.4)
Non current liabilities				
Borrowings		**(114.6)**	(105.8)	(114.4)
Derivative financial instruments		**(9.0)**	(9.9)	(8.4)
Deferred tax liabilities		**(55.1)**	(50.5)	(54.4)
Retirement benefit schemes	9	**(9.2)**	(6.5)	(6.0)
		(187.9)	(172.7)	(183.2)
Total liabilities		**(222.0)**	(213.0)	(215.6)
Net assets		**390.9**	354.4	379.7
Capital and reserves				
Share capital		**6.1**	6.0	6.0
Share premium		**2.7**	1.7	1.7
Capital redemption reserve		**1.8**	1.8	1.8
Hedging reserve		**(7.1)**	(7.9)	(6.7)
Revaluation reserve		**196.5**	168.9	193.1
Retained earnings		**190.9**	183.9	183.8
Total equity		**390.9**	354.4	379.7

Group statement of changes in equity

For the 26 weeks ended 29 September 2014

	Notes	**Unaudited 26 weeks to 29 Sep 2014 £m**	Unaudited 26 weeks to 30 Sep 2013 £m	Audited 52 weeks to 31 Mar 2014 £m
Opening equity		**379.7**	334.5	334.5
Total comprehensive income				
Profit for the period		**14.7**	13.5	22.1
Other comprehensive income				
Remeasurement of retirement benefit schemes	9	**(5.0)**	2.4	3.0
Unrealised gain on revaluation of property	8	**4.2**	-	21.9
Fair value movement of interest rate swaps		**(0.5)**	4.0	5.6
Tax on above components of other comprehensive income	4	**0.5**	3.1	(0.7)
		(0.8)	9.5	29.8
Total comprehensive income		**13.9**	23.0	51.9
Transactions with owners recorded directly in equity				
Share capital issued		**1.0**	0.4	0.4
Dividends paid on equity shares		**(3.9)**	(3.7)	(7.3)
Share based payments		**0.1**	0.1	0.1
Tax on share based payments		**0.1**	0.1	0.1
		(2.7)	(3.1)	(6.7)
Closing equity		**390.9**	354.4	379.7

Group statement of cash flow

For the 26 weeks ended 29 September 2014

	Notes	**Unaudited 26 weeks 29 Sep 2014 £m**	Unaudited 26 weeks 30 Sep 2013 £m	Audited 52 weeks 31 Mar 2014 £m
Operating activities				
Net cash generated from operations	7	**26.1**	25.6	47.3
Tax paid		**(3.5)**	(2.5)	(6.1)
Net cash flow from operating activities		**22.6**	23.1	41.2
Investing activities				
Sales of property and equipment	8	**0.5**	-	-
Sale of discontinued operations		**-**	-	5.0
Purchases of property and equipment		**(15.2)**	(9.0)	(22.8)
Business combinations, net of cash acquired		**(6.1)**	(8.7)	(10.8)
Net cash used in investing activities		**(20.8)**	(17.7)	(28.6)
Financing activities				
Interest paid		**(2.3)**	(2.5)	(5.5)
Equity dividends paid		**(3.9)**	(3.7)	(7.3)
Decrease in borrowings		**-**	(3.0)	(3.5)
Net cash flow used in financing activities		**(6.2)**	(9.2)	(16.3)
Decrease in cash		**(4.4)**	(3.8)	(3.7)
Cash at the beginning of the period		**2.4**	6.1	6.1
(Overdrafts)/cash at the end of the period		**(2.0)**	2.3	2.4

NOTES TO THE FINANCIAL STATEMENTS

1. Accounts

This interim report was approved by the board on 19 November 2014. 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 2015 full year financial statements. These accounting policies are consistent with the accounting policies set out in the group's audited accounts for the 52 weeks ended 31 March 2014 with the exception of five amended standards which are effective for the current financial year. The adoption of these by the group in the 2015 financial year is considered to have no effect on the group’s operating results or financial position.

The interim report is presented in pounds sterling and all values are shown in millions of pounds (£m) rounded to the nearest £0.1m, except where otherwise indicated. The prior period and 52 weeks ended 31 March 2014 comparatives have likewise been shown in millions of pounds (£m) rounded to the nearest £0.1m, except where otherwise indicated.

Statutory accounts for the period ended 31 March 2014 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 auditor 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 reporting segments referred to below. These segments are based on the different resources and risks involved in the running of the group. The group's executive board 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. Unallocated relates to head office income and costs.

	26 weeks to 29 Sep 2014 £m	26 weeks to 30 Sep 2013 £m	52 weeks to 31 Mar 2014 £m
Revenue			
Managed houses	**110.0**	102.3	199.0
Tenanted houses	**6.4**	5.7	11.4
Segment revenue	**116.4**	108.0	210.4
Unallocated income	**0.2**	0.2	0.4
	116.6	108.2	210.8
Operating profit before exceptional items			
Managed houses	**27.3**	25.3	45.0
Tenanted houses	**2.3**	1.9	3.8
Segment operating profit before exceptional items	**29.6**	27.2	48.8
Unallocated expense	**(8.3)**	(8.5)	(15.6)
Operating exceptional items	**0.4**	(1.0)	(0.6)
Operating profit	**21.7**	17.7	32.6
Finance costs	**(2.8)**	(2.8)	(5.9)
Finance revenue	**-**	0.2	0.3
Other finance charge	**(0.1)**	(0.2)	(0.4)
Profit before tax	**18.8**	14.9	26.6

3. Exceptional items and adjusted profit before tax

	26 weeks to 29 Sep 2014 £m	26 weeks to 30 Sep 2013 £m	52 weeks to 31 Mar 2014 £m
Amounts included in operating profits			
Acquisition costs	**(0.4)**	(0.6)	(0.6)
Capital gains tax on ESOP Trust allocated shares	**(0.1)**	(0.4)	(0.3)
Profit on sales of properties	**0.1**	-	-
Upward movement on the revaluation of properties (note 8)	**0.9**	-	3.8
Downward movement on the revaluation of properties (note 8)	**(0.1)**	-	(3.5)
	0.4	(1.0)	(0.6)
Exceptional tax			
Change in corporation tax rate	**-**	2.5	2.5
Tax attributable to exceptional items	**(0.2)**	(0.2)	(0.5)
	(0.2)	2.3	2.0
Total exceptional items after tax	**0.2**	1.3	1.4

The acquisition costs relate to business combinations, being the freehold purchase of the Fox & Anchor (Smithfield Market), the White Bear (Kennington) and 580 Limited (see note 10). They include legal and professional fees and stamp duty. Costs in relation to the 580 group were incurred ahead of the acquisition, which occurred after the period end.

The capital gains tax on ESOP Trust 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.

The profit on sales of properties relates to the difference between the cash, less selling costs, received from the sale of the Tamworth Arms (Croydon) and the carrying value of the assets on the date of sale.

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 net upward movement of £0.8m (2013: nil) which has been taken to the income statement. The net upward movement for the period is entirely within land and buildings.

Adjusted profit before tax

The table below sets out adjusted profit before tax. This additional 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.

	26 weeks to 29 Sep 2014 £m	26 weeks to 30 Sep 2013 £m	52 weeks to 31 Mar 2014 £m
Profit before tax	**18.8**	14.9	26.6
Operating exceptional items	**(0.4)**	1.0	0.6
Adjusted profit before tax	**18.4**	15.9	27.2

4. Taxation

The taxation charge for the 26 weeks ended 29 September 2014 has been calculated by applying an estimate of the effective tax rate before exceptional items for the 52 weeks ending 30 March 2015 at 21.20% (2014: 23.27%).

Tax charged in the group income statement	**26 weeks to 29 Sep 2014 £m**	26 weeks to 30 Sep 2013 £m	52 weeks to 31 Mar 2014 £m
Current tax			
Corporation tax expense	**4.3**	4.0	6.9
Adjustment in respect of current tax of prior periods	**-**	-	(0.1)
	4.3	4.0	6.8
Deferred tax			
Origination and reversal of temporary differences	**(0.1)**	(0.1)	0.2
Change in corporation tax rate	**-**	(2.5)	(2.6)
Adjustment in respect of deferred tax of prior periods	**(0.1)**	-	0.1
	(0.2)	(2.6)	(2.3)
Tax expense	**4.1**	1.4	4.5
Deferred tax in the group statement of comprehensive income			
Interest rate swaps	**(0.1)**	0.9	1.3
Retirement benefit schemes	**(1.0)**	0.7	0.7
Property revaluation and disposals	**0.6**	(0.3)	3.6
Change in corporation tax rate	**-**	(4.4)	(4.9)
Tax credit	**(0.5)**	(3.1)	0.7
Deferred tax in the group income statement (by temporary difference)			
Property revaluation and disposals	**0.1**	(1.2)	(0.8)
Fair value gains on acquisition of subsidiaries	**-**	(0.9)	(1.0)
Retirement benefit schemes	**0.2**	(0.6)	(0.6)
Capital allowances	**(0.3)**	0.1	0.1
Other tax provisions	**-**	-	0.1
Share based payments	**(0.2)**	-	(0.1)
Tax credit	**(0.2)**	(2.6)	(2.3)

The change in the UK corporation tax rate from 21% to 20%, which is effective from 1 April 2015, was substantially enacted in the prior year. Accordingly, the deferred tax balances have been measured at 20%.

5. Earnings per ordinary share

(a) Earnings	**26 weeks to 29 Sep 2014 £m**	26 weeks to 30 Sep 2013 £m	52 weeks to 31 Mar 2014 £m
Profit attributable to equity shareholders of the parent	**14.7**	13.5	22.1
Operating exceptional items	**(0.4)**	1.0	0.6
Tax attributable to above adjustments	**0.2**	0.2	0.5
Change in corporation tax rate	**-**	(2.5)	(2.5)
Adjusted earnings after tax	**14.5**	12.2	20.7

	Number	Number	Number
Basic weighted average number of ordinary shares in issue	**48,340,660**	48,261,447	48,275,784
Dilutive potential ordinary shares from outstanding employee share options	**71,400**	52,140	60,685
Diluted weighted average number of shares	**48,412,060**	48,313,587	48,336,469

(b) Basic earnings per share

	Pence	Pence	Pence
Basic	**30.41**	27.97	45.78
Effect of exceptional items and other adjustments listed above	**(0.41)**	(2.69)	(2.90)
Adjusted basic	**30.00**	25.28	42.88

(c) Diluted earnings per share

	Pence	Pence	Pence
Diluted	**30.36**	27.94	45.72
Effect of exceptional items and other adjustments listed above	**(0.41)**	(2.69)	(2.90)
Adjusted diluted	**29.95**	25.25	42.82

The basic earnings per share figure is calculated by dividing the net profit for the period attributable to equity shareholders of the parent by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share have been calculated on a similar basis taking into account 71,400 (2013: 52,140) dilutive potential shares under the SAYE scheme.

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

	26 weeks to 29 Sep 2014 Pence	26 weeks to 30 Sep 2013 Pence	52 weeks to 31 Mar 2014 Pence
Final dividend (previous period)	**8.07**	7.61	7.61
Interim dividend (current period)	**-**	-	7.45
	8.07	7.61	15.06

The table above sets out dividends that have been paid. The interim dividend, in respect of the period ended 29 September 2014, of 7.90 pence per share at a cost of £3,827,794 is expected to be paid on 12 December 2014 to shareholders on the register at the close of business on 28 November 2014.

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

	26 weeks to 29 Sep 2014 £m	26 weeks to 30 Sep 2013 £m	52 weeks to 31 Mar 2014 £m
Profit before tax	**18.8**	14.9	26.6
Net finance cost	**2.8**	2.6	5.6
Other finance charge	**0.1**	0.2	0.4
Operating profit	**21.7**	17.7	32.6
Depreciation	**7.0**	6.0	12.5
Movement on the revaluation of property	**(0.8)**	-	(0.3)
Profit on sales of property	**(0.1)**	-	-
Difference between pension service cost and cash contributions paid	**(1.9)**	(0.1)	(0.2)
Share based payments	**0.1**	0.1	0.1
Provision for capital gains tax on ESOP Trust allocated shares	**0.1**	0.4	0.3
Movements in working capital			
- Inventories	**(0.1)**	(0.1)	(0.1)
- Receivables	**0.6**	(0.4)	(1.7)
- Payables	**(0.5)**	2.0	4.1
Net cash generated from operations	**26.1**	25.6	47.3

Analysis of group net debt

	At 29 Sep 2014 £m	At 30 Sep 2013 £m	At 31 Mar 2014 £m
Cash	**0.2**	2.3	2.4
Loan capital and finance leases	**(116.8)**	(115.8)	(114.4)
Net debt	**(116.6)**	(113.5)	(112.0)

8. Property and equipment

	Land & buildings £m	Fixtures, fittings & equipment £m	Total £m
Cost or valuation			
At 1 April 2013	523.5	85.9	609.4
Additions	7.5	15.3	22.8
Business combinations	9.7	1.1	10.8
Fully depreciated assets	-	(8.9)	(8.9)
Revaluation			
- effect of upward movements in property valuation	27.8	-	27.8
- effect of downward movements in property valuation	(5.9)	-	(5.9)
At 31 March 2014	562.6	93.4	656.0
Additions	5.2	10.0	15.2
Business combinations	4.9	1.2	6.1
Disposals	(0.4)	(0.1)	(0.5)
Revaluation			
- effect of upward movements in property valuation	5.6	-	5.6
- effect of downward movements in property valuation	(1.4)	-	(1.4)
At 29 September 2014	**576.5**	**104.5**	**681.0**
Depreciation and impairment			
At 1 April 2013	45.0	48.5	93.5
Depreciation charge	2.1	10.4	12.5
Fully depreciated assets	-	(8.9)	(8.9)
Revaluation			
- effect of upward movements in property valuation	3.5	-	3.5
- effect of downward movements in property valuation	(3.8)	-	(3.8)
At 31 March 2014	46.8	50.0	96.8
Depreciation charge	1.0	6.0	7.0
Disposals	-	(0.1)	(0.1)
Revaluation			
- effect of downward movements in property valuation	0.1	-	0.1
- effect of upward movements in property valuation	(0.9)	-	(0.9)
At 29 September 2014	**47.0**	**55.9**	**102.9**
Net book value			
At 1 April 2013	478.5	37.4	515.9
At 31 March 2014	515.8	43.4	559.2
At 29 September 2014	**529.5**	**48.6**	**578.1**

Revaluation of property and equipment

The group's freehold and leasehold land, buildings, fixtures and fittings were reviewed and updated , as at 29 September 2014 from their year-end market values by Andrew Cox MRICS, the group's director of property and tenancies and a Chartered Surveyor, pursuant to the group's accounting policy. The valuation was carried out in accordance with the provisions of the RICS Valuation – Professional Standards January 2014 ('the Red Book'), which takes account of the properties' highest and best value.

Each individual pub is valued as a fully equipped operational entity after taking into account its trading potential, location, tenure, size and condition and other factors such as recent market transactions. Changes in these variables and assumptions could materially impact the valuations.

These valuations and the assumptions made are discussed and reviewed with Andrew Cox, the Board and the auditors. The highest and best use of the Group's properties do not differ materially from their current use.

These techniques are consistent with the principles in IFRS 13 Fair Value Measurement and use significant unobservable inputs such that the fair value measurement of each property within the portfolio has been classified as Level 3 in the fair value hierarchy.

The key inputs to valuation are consistent with those set out in the group's audited accounts for the 52 weeks ended 31 March 2014.

9. Retirement benefit schemes

The table below summarises the movement in the retirement benefit schemes' deficit in the period.

	26 weeks to 29 Sep 2014 £m	26 weeks to 30 Sep 2013 £m	52 weeks to 31 Mar 2014 £m
Changes in the present value of the retirement benefit schemes are as follows:			
Opening deficit	**(6.0)**	(8.8)	(8.8)
Current service cost	**(0.3)**	(0.3)	(0.7)
Contributions	**2.2**	0.4	0.9
Other finance charge	**(0.1)**	(0.2)	(0.4)
Remeasurement through other comprehensive income	**(5.0)**	2.4	3.0
Closing deficit	**(9.2)**	(6.5)	(6.0)

10. Events after the reporting period

On 16 October 2014, the group acquired the entire issued share capital of 580 Limited, a group that owns and operates four pubs in prime London locations. The total consideration for this transaction was £10.4 million on a debt free basis.

Full disclosure of this business combination, in accordance with the group's accounting policies, will be presented in the 52 weeks ending 30 March 2015.