

## Results for the six months ended 30 September 2010

### Chairman's Statement

#### Results

I am pleased to report our results for the six months ended 30 September 2010, which show some improvement in underlying trading performance. Whilst group turnover for the period of £65.4m represents a reduction of £10.8m compared to the same period last year, the reduction is an expected consequence of the decisions we made to sell the Stafford Hotel, transfer our managed houses to tenancies and to withdraw from some marginal third party brewing contracts. Group operating profit of £7.4m represents a 7% increase on the same period last year.

Trading in our pub estate continues to be challenging, with like for like beer volumes in our core estate down on last year by approximately 9%. We are continuing to support the operators of our tenanted pubs to see them through this difficult period and are investing in our properties to raise standards and support their offering. In our free trade business, volumes increased by 2% due to the impact of additional resource and development in this area. Operating profits for the brewery and pub estate increased by 19.5% to £4.9m (2009: £4.1m) due to lower utility costs and a number of management initiatives.

Operating profits for the hotels and inns fell to £3.0m compared to £4.1m for the same period last year; the prior year result included £1.6m in respect of the Stafford Hotel, which was sold on 16 September 2009. On a like for like basis profitability in the hotels and inns increased by 20%. The hotel market has begun to see some recovery in discretionary corporate and consumer spending, which has resulted in improved occupancy rates, although room rates remain under pressure.

Net debt has reduced to £42.8m (2009 £53.4m). We have continued to address the bottom end of our pub estate, and sold 16 pubs during the period for their book value, which generated proceeds of £4m. Despite the reduction in debt, the interest charge is consistent with the prior period as a result of hedging arrangements put in place several years ago. The interest charge will not reduce significantly until LIBOR increases from its current historically low level.

#### Dividend

The Board recommends an interim dividend of 1.10p (2009 1.10p) be paid on 4 January 2011, to shareholders on the register at the 3 December 2010.

#### Outlook

We remain extremely cautious about the trends for consumer spending as a result of the cumulative effect of duty increases in the past few years, the lingering effects of the recession and continuing uncertainty regarding the impact of the Government's spending review and impending public sector cost cutting. This is likely to be compounded in January by the planned increase in VAT.

On 15 October 2010 we purchased two pubs from the Waterways Pub Partnership LLP. We are actively looking to make additional acquisitions and believe that the actions we have taken have put us in a strong position to take advantage of attractive opportunities as they arise.

Mrs A J M Yerburgh  
Chairman

18 November 2010

## Profit and Loss Account for the 6 months ended 30 September 2010

	Note	Unaudited 6 months ended 30 September 2010 £'m	Unaudited 6 months ended 30 September 2009 £'m	Audited 12 months ended 31 March 2010 £'m
<b>Turnover</b>		<b>65.4</b>	76.2	135.2
<b>Operating profit:</b>				
Brewery operations		4.9	4.1	7.4
Hotels and Inns		3.0	4.1	7.1
Group central charges		(0.5)	(0.5)	(1.2)
Exceptional Items		-	(0.8)	(19.0)
		<b>7.4</b>	6.9	(5.7)
Profit on sale of subsidiary		-	14.1	14.3
Profit/(loss) on sale of properties		-	0.1	(0.4)
Interest payable		(3.2)	(3.2)	(6.4)
Net interest on pension liability		0.2	(0.3)	(0.8)
<b>Profit on ordinary activities before taxation</b>		<b>4.4</b>	17.6	1.0
Taxation	2	(1.5)	(0.9)	(2.0)
<b>Profit/(loss) after taxation</b>		<b>2.9</b>	16.7	(1.0)
Basic Earnings/(loss) per share		<b>4.6p</b>	26.5p	(1.6)p
Diluted Earnings/(loss) per share		<b>4.6p</b>	26.5p	(1.6)p

## Balance Sheet at 30 September 2010

	Unaudited 30 September 2010 £'m	Unaudited 30 September 2009 £'m	Audited 31 March 2010 £'m
<b>Fixed assets</b>			
Tangible assets	292.0	334.6	296.9
Investments	12.6	14.8	13.5
	<u>304.6</u>	<u>349.4</u>	<u>310.4</u>
<b>Current assets</b>			
Stocks	4.7	5.3	4.5
Debtors	16.3	18.8	16.2
Cash and bank balances	9.2	6.6	6.7
	<u>30.2</u>	<u>30.7</u>	<u>27.4</u>
<b>Creditors due within one year</b>			
Trade and other creditors	(23.5)	(24.7)	(22.5)
	<u>6.7</u>	<u>6.0</u>	<u>4.9</u>
<b>Net current assets</b>			
	<u>311.3</u>	<u>355.4</u>	<u>315.3</u>
<b>Creditors due after one year</b>			
Loan capital	(52.0)	(60.0)	(55.5)
<b>Provisions for liabilities and charges</b>			
Deferred taxation	(6.7)	(6.4)	(6.7)
<b>Net Assets excluding pension liability</b>	<u>252.6</u>	<u>289.0</u>	<u>253.1</u>
Net pension liability	(13.5)	(8.8)	(14.7)
<b>Net assets including pension liability</b>	<u>239.1</u>	<u>280.2</u>	<u>238.4</u>
<b>Capital and reserves</b>			
Called up share capital	15.8	15.8	15.8
Revaluation reserve	99.6	117.0	100.0
Profit and loss account	123.7	147.4	122.6
<b>Equity shareholders' funds</b>	<u>239.1</u>	<u>280.2</u>	<u>238.4</u>

NOTES:-

1. The interim accounts, which have not been audited or reviewed, have been prepared on the basis of the accounting policies set out in the 2009/10 group accounts.
2. The taxation charge is based on the estimated tax rate for the year.
3. The financial information contained in this statement does not constitute statutory accounts as defined in S435 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2010, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.