28 May 2009

PRELIMINARY RESULTS
For the 52 weeks ended 28 March 2009

Highlights

- Good performance in very challenging conditions

Revenue	£126.1M	+3.2%
Adjusted profit before tax*	£19.2M	+3.1%
Adjusted earnings per share*	27.77p	+5.7%
Final dividend per share declared	6.63p	+2.0%

- Total managed house revenue +4.5%, with like for like revenue level on a same outlet basis

- £24.0 million invested in new and existing pubs

- Non cash impairment charge of £10.7M

Profit before tax	£4.2M	-63.7%
Basic earnings per share	2.55p	-84.1%

- Robust balance sheet and cash generative

All of the results above are on continuing operations.

The comparative figures have been restated as detailed in note 5(d).

*Throughout this document, reference to an "adjusted" item means that it refers to continuing operations only and has been adjusted to exclude:
- exceptional items for both parent and associate;
- other non-recurring items for the parent, namely the premium paid on redemption of debenture and the discount of site proceeds; and
- in the case of after-tax amounts, the tax adjustment on phasing out of industrial buildings allowances for both parent and associate.

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

"Young's has produced a good performance in very challenging conditions, with the financial and economic pressures compounded by significantly higher externally imposed costs across the business. Against this backdrop, our results over the past year show the strength of the Young's brand and the resilience of our business.

"Market conditions remain difficult; not least as a result of rising unemployment and the industry has once more been hit by increases in excise duty. This duty alone has increased for beer by over 20% in just over a year and, when combined with VAT, the tax on a pint of Young's Bitter equates to 72p. Nevertheless sales within our managed pubs in the last 13 weeks were 3.0% ahead of last year albeit 1.3% behind on a same outlet like for like basis.

"We have a cash-generative business, well-invested estate, great pubs in great locations, robust balance sheet and a very strong brand. Along with a dedicated team, we are well positioned to meet the challenges of the year ahead.

For further information, please contact:

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PRELIMINARY RESULTS

For the 52 weeks ended 28 March 2009

Young's has produced a good performance in very challenging conditions, with the financial and economic pressures compounded by significantly higher externally imposed costs across the business. Against this backdrop, our results over the past year were pleasing and show the resilience of our business.

We remain focused on maintaining our premium position within the pub sector and, in today's turbulent market conditions, are even more convinced that the style, quality and individuality of our pubs, trading under the strong Young's brand, are the key ingredients of our continuing success. The differentiated positioning of our estate has helped us face the most demanding market conditions for over a generation. Revenue was up 3.2%, adjusted profit before tax up 3.1% and adjusted basic earnings per share up 5.7% to 27.77p.

Recognising this performance, but mindful for the year ahead, the Board has decided to propose a 2.0% increase in the final dividend to 6.63p per share – making a total for the year of 12.75p. Dividend cover based on the interim and recommended final and adjusted basic earnings per share is 2.18 times. The final dividend is expected to be paid on 16 July 2009 to shareholders on the register at the close of business on 12 June 2009.

Each year, in line with best practice, we review the value of our estate on a pub by pub basis. Whilst the Board believes that, overall, this is higher than the 1997 valuations carried on the Group's balance sheet, we have taken the decision to write down the values of a number of individual pubs by £10.7 million in total. This leaves the balance sheet carrying value of our pubs at £262.5 million. As a result of this non-cash adjustment and other exceptional items, profit before tax was £4.2 million (2008: £11.6 million).

Review of operations

Managed house revenue was up 4.5% to £111.4 million, reflecting the acquisitions and investments made in the business over recent years. Same outlet like for like sales were flat compared with last year. Margins were impacted by significant inflationary pressures on operating costs from wages and food and above inflation increases in excise duty. The price of gas and electricity rocketed in the first half but subsided towards the end of the year as the world economy faltered. We believe we have responded well to these cost pressures and the initiatives introduced during the course of the year have further helped our pub managers in adopting and maintaining high standards. The managed houses' operating profit for the year was £25.9 million (2008: £26.8 million) and its EBITDA was little changed at £32.5 million (2008: £32.6 million).

We have seen some consumer trends emerging in response to the credit crisis. Spending patterns are showing a more marked split between the beginning and end of the week as going out tends to become more of an occasion than an every day event. We believe we should also benefit from the fall in the value of the pound, which will hopefully encourage tourists to visit London and experience the "traditional British pub" as exemplified by the Young's pub estate. In addition, more domestic visitors to London and more Londoners remaining in town at weekends should help this part of our business.

Price is clearly an important factor for consumers in these straitened times and we must remain competitive. We have resisted the temptation to try and drive top line sales through liquor discounting as we consider this to be counter productive when we are driving cash profits by maintaining a long term premium market position. We also don't think this is a responsible approach in the context of tackling binge drinking.

Reflecting the economic conditions, hotel rates and food were particular areas that came under pressure as the year progressed. RevPar (average room rate achieved multiplied by occupancy percentage) was down 7.9% to £38.69 as falling demand impacted rates and occupancy. Although food sales grew at 7.3% over the year, this was driven by the acquisitions and in the second half food sales came under pressure. We have adapted our menus to counter this. We believe our new menus meet the tighter consumer budgets and maintain gross profit margins. Food sales now comprise 26.1% of total sales.

In January we launched a variety of food promotions designed to drive footfall in quieter trading periods. The most popular was a "2 dine with wine for £20" offer which succeeded in attracting a large number of new customers to participating pubs. It also resulted in adding some 12,500 e-mail addresses to our database. The web is transforming the ability of our pubs to reach out into their local communities with offers and special events. This new dialogue is a trend that will benefit community pubs long into the future. We now have a database of some 240,000 customers who have registered their details with us, which averages out at just over 2,900 for the 82 managed houses that have their own website.

We are continuing to develop the quality and provenance of our ingredients with the recent introduction of centrally-sourced fresh meat from British farms selected for their high standards of quality and animal welfare and husbandry.

Conscious of the potential impact of the company's operations on the community and the environment, we have undertaken a number of initiatives. Over 80% of our managed houses recycle glass, with more than 1,500 tonnes being recovered in the year. Cardboard packaging waste was also addressed with some 261 tonnes processed. Cooking oil in most of our managed pubs is converted to Bio Diesel at a local plant.

We place great emphasis on the quality and ambience of our pubs. We invested £6.2 million in our existing managed estate during the year and £3.7 million on developing recent acquisitions. We also bought four managed pubs for £12.1 million: the Old Ship on the Thames in Hammersmith, the Parrot, Canterbury's oldest pub, the Roebuck in Hampstead and the George in Fulham.

The past year was clearly a testing time to be re-launching both new and upgraded pubs. Those pubs that have just completed their first twelve months post major development have generated an incremental cash return of 17.1% on that investment. The newly acquired pubs will inevitably take longer in this market to meet our targeted returns. However, they are great additions to our estate and we are confident that with the actions we have in place they will achieve their potential.

In the coming year we will keep a close watch on our capital expenditure, reducing the investment in the existing estate after a period of heavier than normal investment but staying mindful of maintaining its high quality and amenity value.

In 2007, when pub acquisition opportunities were more limited, we announced an extensive plan to seek growth through the development of new hotel rooms at a number of our pubs. We invested £0.9 million in the year on exploring hotel development opportunities within 19 of our existing pubs. We have been successful in identifying specific opportunities and have obtained planning permission to exploit them. Where this has not been the case and as a result of the deteriorating hotel cycle we have put our plans on hold. We have therefore taken the decision to write off £0.7 million of this investment.

Our tenanted pubs have clearly been affected by the difficult market conditions. Total revenue was down 3.3% at £14.3 million and operating profit was down 2.7% at £5.8 million. Tenanted house EBITDA was unchanged at £7.0 million (2008: £7.0 million). We continued to invest in our tenanted estate with a further £2.0 million on a variety of projects. Given the state of the current market, we are pleased with the progress our tenants are making.

We have been actively supporting our tenants during these tough economic times, where necessary agreeing workable and realistic plans for the future. In addition we took the decision for the benefit of all our tenants to absorb the duty increases on beers, wines and spirits that accompanied the 2.5% VAT reduction in December and to defer all 2009 supplier price increases until March 2009. We have also delayed passing on any of the additional duty arising from the Chancellor's April budget until July 2009.

Earlier this month, the House of Commons Business and Enterprise Committee produced its report calling for the pub sector to be "urgently" referred to the Competition Commission for yet another investigation into the tied pub model. There have been 23 "investigations" into our industry over the past 40 years, some with disastrous consequences.

We believe the tie is important to our trade. It provides aspiring licensees with the opportunity to set up their own business without the need for a significant capital outlay, which many are unable to afford or borrow. By linking a portion of the rent to liquor sales, it also offers flexibility as the total rent charged reflects the success of the business. The Office of Fair Trading concluded as recently as 2004 that the tie was not anti-competitive nor was there any evidence that it operated against the public interest. We do not believe that there is any justification for yet another expensive and distracting enquiry, particularly in these difficult times.

We transferred one pub from tenanted to managed and at the end of the year had 122 managed pubs (2008: 116), of which 88 are freehold and 11 are long leaseholds with in excess of 40 years to run at minimal rents. In addition we disposed of one tenancy, and two tenancies ceased trading during the course of the year, leaving us with 99 tenancies at the year end (2008: 103) of which 85 are freehold.

We were delighted to be named Pub Company of the Year in our category (Managed Pub Group 100+ outlets) at the 2009 Publican awards in March. This was due to everyone in head office and our pubs working tirelessly together in meeting our customers' needs; an immense and greatly appreciated contribution.

In addition, the Nightingale, one of our managed pubs in Balham, South West London, was the Publican's Community Pub of the Year, a fantastic achievement given the high levels of competition and a great tribute to the managers of the Nightingale, Keris and Lee Devilliers.

As with many of our pubs, the Nightingale plays an important part in raising money for charity. The Nightingale Walk, a fund raising event named after the pub, has been supported by loyal customers and friends for 30 years and last year raised around £30,000 for good causes. This amount was almost equalled by our Christmas Santathon with Father Christmas hats being given away in return for a donation to Great Ormond Street Hospital.

Wells & Young's Brewing Company

Wells & Young's contributed £1.9 million to Young's adjusted profit before tax, in line with our expectations. This was achieved despite the demanding trading environment, with higher raw material and utility costs compounded by the impact of poor summer weather on lager sales. Own brewed beer volumes were down 3.8%, a better performance than the industry as a whole, which was down 4.9%.

Wells & Young's continues to make excellent progress in consolidating its position as one of the UK's leading cask ale producers, with new advertising campaigns launched for Young's Bitter, Bombardier and Courage Best. At the beginning of the year, Young's Bitter became the first cask ale to obtain the Red Tractor logo, signifying it has been brewed in the UK using British hops, malt and barley.

In response to the continuing challenging conditions and as part of the Board's emphasis on maximising efficiency, Wells & Young's announced in February its plans to outsource its remaining dray fleet and warehousing activities to Kuehne + Nagel Drinks Logistics (KNDL). This follows the successful outsourcing of its London distribution to KNDL in 2007. It is expected that the outsourcing will take effect from June 2009.

Investment and finance

The business continues to be highly cash generative, producing £26.4 million of cash from operations in the year. We invested a total of £24.5 million in our business and disposed of one pub for £1.4 million. At the end of the year, net debt was £65.3 million (2008: £50.0 million). Our operating profit before exceptional items covered our interest cost 5.4 times and gearing at the year end was 39.8%.

Our adjusted profit on continuing operations before tax was up 3.1% at £19.2 million with adjusted basic earnings per share up 5.7% at 27.77p. This performance was achieved by increased revenues, lower finance costs and tight cost control more than off-setting the inflationary pressures, duty increases and regulatory burdens the business faced. Reflecting the market conditions, wages and salaries for directors, head office and pub managers have been frozen at current rates. No directors' bonuses will be paid in relation to the past year.

Our profit before tax has been adjusted to take account of certain items. Within Young's, these were the £10.7 million non-cash write down of pub values, the £0.7 million hotel development write off and a £0.1 million Capital Gains Tax charge on shares within our Employee Share Ownership Plan, all partly offset by the £0.9 million profit on the sale of the Fountain Head. Within Wells & Young's, there was an adjustment due to a reorganisation of the business (£3.4 million) which involved both redundancy costs and an impairment in the value of their distribution centre. In addition there has been an adjustment for foreign exchange and interest rate movements which has had a net adverse effect of £0.4 million.

We have also made a further £0.8 million profit from our brewery site disposal mainly due to more favourable tax treatment than originally anticipated. This has been classified as a discontinued item.

With the fall in investment markets, the net pension scheme deficit has increased to £11.8 million on an IAS19 basis. We will be making additional contributions next year of £1.3 million over and above regular service contributions in order to address this.

Young's has a freehold-backed balance sheet and committed banking facilities of £90 million in place. £35 million of this facility is at a fixed interest rate of 6.0%, the remainder is floating at a margin above LIBOR. Net interest paid in the year was down 32.2% to £3.6 million (2008: £5.3 million) due to reduced floating rate interest costs and, taking the year as a whole, a lower average level of debt. £50 million of this debt reaches maturity between March 2018 and March 2023 and none of the committed facilities needs to be renewed until March 2013. The Board's cautious approach to financing has enabled it to avoid the over-leverage that has adversely impacted some operators in the pub sector.

Current trading and outlook

Market conditions remain difficult, not least as a result of rising unemployment. Nevertheless sales within our managed pubs in the last 13 weeks were 3.0% ahead of last year albeit 1.3% behind on a same outlet like for like basis.

Additional costs will continue to affect the business. Duty rises in particular will impact our liquor margins compounded in the case of wines by the strength of the euro.

We have a cash-generative business, well-invested estate, great pubs in great locations, robust balance sheet and strong brand. Along with a dedicated team, we are well positioned to meet the challenges of the year ahead.

Stephen Goodyear
Chief Executive
28 May 2009

Group income statement
For the 52 weeks ended 28 March 2009

	Note	2009 £000	Restated 2008 £000
Continuing operations			
Revenue		126,091	122,124
Operating costs before exceptional items		(105,545)	(101,266)
Operating profit before exceptional items		20,546	20,858
Operating exceptional items	4	(10,519)	728
Operating profit		10,027	21,586
Share of associate's profit before exceptional items and tax		1,892	1,718
Share of associate's operating exceptional items	4	(3,740)	(3,832)
Share of associate's tax expense		(685)	792
Share of associate's post tax result		(2,533)	(1,322)
Profit before interest		7,494	20,264
Finance costs		(3,788)	(5,820)
Finance revenue		222	563
Premium paid on redemption of debenture		-	(6,817)
Discount of site proceeds		-	2,161
Other finance income		285	1,269
Profit before tax		4,213	11,620
Taxation	5	(2,988)	(4,023)
Profit from continuing operations		1,225	7,597
Profit from discontinued operation	2	849	3,105
Profit for the year		2,074	10,702
	Note	Pence	Pence
Earnings per 12.5p ordinary share from continuing operations	6		
Basic		2.55	16.04
Diluted		2.55	15.98
Adjusted basic*		27.77	26.28
Adjusted diluted*		27.77	26.19
Earnings per 12.5p ordinary share from continuing and discontinued operations	6		
Basic		4.33	22.59
Diluted		4.33	22.52

The comparative figures have been restated as detailed in note 5(d).

*See note 10.

Group balance sheet
At 28 March 2009

	Note	2009 £000	Restated 2008 £000
Non current assets			
Property, plant and equipment		256,908	251,284
Prepaid operating lease premiums		5,916	5,996
Investment in associate		16,604	19,751
Other financial asset		600	600
Retirement benefit scheme		5,359	6,627
		285,387	284,258
Current assets			
Prepaid operating lease premiums		86	92
Inventories		1,702	1,511
Trade and other receivables		4,742	4,796
Income tax receivable		-	2,498
Cash		1,519	349
		8,049	9,246
Non-current assets classified as held for sale		797	1,215
Total assets		294,233	294,719
Current liabilities			
Borrowings		(2)	(1)
Trade and other payables		(18,798)	(30,542)
Income tax payable		(1,705)	-
		(20,505)	(30,543)
Non current liabilities			
Borrowings		(66,819)	(50,315)
Derivative financial instruments		(4,798)	(511)
Deferred tax		(20,788)	(25,364)
Retirement benefit schemes		(17,112)	(11,715)
		(109,517)	(87,905)
Total liabilities		(130,022)	(118,448)
Net assets		164,211	176,271
Capital and reserves			
Share capital		6,028	6,028
Share premium		1,274	1,274
Other reserves		(1,509)	1,578
Investment in own shares		(38)	(139)
Retained earnings		158,456	167,530
Total equity	9	164,211	176,271

The comparative figures have been restated as detailed in note 5(d).

Group cash flow statement
For the 52 weeks ended 28 March 2009

	Note	2009 £000	2008 £000
Operating activities			
Cash generated from operations	8	26,438	26,628
Exceptional VAT on disposal of sites		(10,281)	10,281
Interest received		222	1,026
Tax rebates received		244	-
Net cash flow from operating activities		16,623	37,935
Investing activities			
Sale of brewery and Buckhold Road sites		-	69,000
Sales of other property, plant and equipment		1,391	3,750
Purchases of property, plant and equipment		(24,487)	(37,734)
Prepayments of operating lease premiums		-	(321)
Restructuring costs		-	(4,998)
Net cash (used in)/generated from investing activities		(23,096)	29,697
Financing activities			
Interest paid		(3,431)	(5,992)
Premium paid on redemption of debenture		-	(6,817)
Equity dividends paid		(6,062)	(5,147)
Proceeds from exercise of share options in the employee benefit trust		636	1,838
Increase/(decrease) in borrowings		16,500	(52,158)
Repayment of finance leases		-	(6)
Net cash generated from/(used in) financing activities		7,643	(68,282)
Increase/(decrease) in cash		1,170	(650)
Cash at the beginning of the year		349	999
Cash at the end of the year		1,519	349

Analysis of net debt
At 28 March 2009

	2009 £000	2008 £000
Cash	1,519	349
Loan capital and finance leases	(66,821)	(50,316)
Net debt	(65,302)	(49,967)

Group statement of recognised income and expense
For the 52 weeks ended 28 March 2009

	Note	2009 £000	Restated 2008 £000
Income/(expense) recognised directly in equity			
Actuarial loss on retirement benefit schemes		(6,817)	(8,728)
Hedging reserve fair value movement of interest rate swap		(4,287)	(690)
Associate's actuarial loss (net of deferred tax) on retirement benefit schemes*		(685)	(627)
Tax on items recognised directly in equity	5	3,060	3,005
		(8,729)	(7,040)
Profit for the period**		2,074	10,702
Total recognised income and expense for the period		(6,655)	3,662

*The £685,000 current period actuarial loss includes an amount of £1,267,000 which adjusts an immaterial prior period item.

**The profit for the comparative period has been restated as detailed in the group income statement.

Notes

1 Accounts

This preliminary announcement was approved by the board on 27 May 2009. It does not constitute the statutory financial statements of the group. The statutory financial statements for the year ended 29 March 2008 have been delivered to the Registrar of Companies. The auditor has reported on those financial statements (and on the statutory financial statements for the year ended 28 March 2009, 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.237(2) or (3) of the Companies Act 1985.

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 applicable accounting standards. The accounting policies used have been consistently applied and are described in full in the statutory financial statements for the year ended 28 March 2009, which are expected to be mailed to shareholders on or before 10 June 2009. The financial statements will also be available on the group's website www.youngs.co.uk.

2 Discontinued operation

The group's brewing, beer brands and wholesale operations were treated as a discontinued operation in the 2007 period, following the disposal of the Ram Brewery site and the merger of its brewing, beer brands and wholesale operations with those of Charles Wells Limited to form a new brewing business, Wells and Young's Brewing Company Limited, of which the company has a 40% share.

The table below shows the results of the discontinued operation included in the income statement of the group:

	2009 £000	2008 £000
Profit/(loss) before tax		
Non-operating exceptional items-restructuring costs written back/(charged)	304	(579)
Tax credit	545	3,684
Profit from discontinued operation	849	3,105

3 Segmentation

	2009 £000	2008 £000
Segment revenue		
Managed estate	111,415	106,630
Tenanted estate	14,329	14,818
Unallocated	347	676
Total	126,091	122,124
Segment result		
Managed estate	25,939	26,846
Tenanted estate	5,815	5,975
Unallocated	(9,316)	(10,245)
Total	22,438	22,576
Finance costs	(3,788)	(5,820)
Finance revenue	222	563
Other finance income	285	1,269
Adjusted profit before tax*	19,157	18,588

*See note 10.

4 Exceptional items

	2009 £000	2008 £000
(a) Operating exceptional items		
Profit on sales of properties	925	1,295
Impairment of properties	(10,671)	(1,378)
Capital gains tax on ESOP allocated shares	(90)	811
Hotel project fees written off	(683)	-
	(10,519)	728

The capital gains tax on ESOP shares relates to the shares held within the Ram Brewery Trust II on behalf of the now closed profit share 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.

Hotel project fees relate to extensive work carried out to identify opportunities at selected pubs with a view to a large increase in the number of rooms available within our estate. We have been successful in identifying specific opportunities and have obtained planning permission to exploit them but where this has not been the case we have taken the decision to write off the relevant costs.

(b) Share of associate's operating exceptional items

	2009 £000	2008 £000
Impairment of property	(2,768)	-
Impairment of brands	-	(2,920)
Reorganisation costs	(605)	(912)
Fair value movement on foreign exchange swap	421	-
Fair value movement on interest rate swap	(788)	
	(3,740)	(3,832)

Wells & Young's has decided to outsource its remaining dray fleet and warehousing activities. This has resulted in the exceptional costs above relating to both the impairment in the value of its distribution warehouse and the reorganisation costs which consist mainly of redundancy.

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

5 Taxation

	2009	Restated 2008
Corporation tax rate	28%	30%
	£000	£000
(a) Tax (charge)/credit on profit on ordinary activities		
Tax charged in the income statement		
(i) Continuing operations		
Current tax		
Group excluding associate	(4,508)	(1,955)
Adjustment in respect of prior periods	(161)	-
Total current tax	(4,669)	(1,955)
Deferred tax		
Deferred tax in impairment of properties	2,435	306
Origination and reversal of temporary differences	(210)	(2,499)
Adjustment on phasing out of industrial buildings allowances (see note (c) below)	(472)	-
Adjustment in deferred tax rate from 30% to 28%	-	897
Adjustment in respect of prior periods	(72)	(772)
Total deferred tax	1,681	(2,068)
Tax charge in the income statement on continuing operations	(2,988)	(4,023)

The prior period adjustments are mainly due to an underestimation of disallowable expenses for 2008, settlement of an inspector's enquiry for 2004 and confirmation of the value of the rolled over gain on disposal of a property.

	2009	Restated 2008
(ii) Discontinued operation		
Current tax		
Current tax	495	29
Adjustment in respect of prior periods	50	4,864
Total current tax	545	4,893

The prior period adjustment is due to an overprovision for the tax charge on the discontinued operation.

	2009	Restated 2008
Deferred tax		
Adjustment in deferred tax rate from 30% to 28%	-	1,029
Adjustment in respect of prior periods	-	(2,238)
Total deferred tax	-	(1,209)
Tax credit in the income statement on discontinued operation	545	3,684
Tax charge in the income statement	(2,443)	(339)

Tax relating to items charged or credited to equity

Current tax movement on share based payments	165	1,731
Deferred tax		
Retirement benefit schemes	1,908	2,618
Property revaluation - movement due to indexation	(39)	422
Interest rate swaps	1,200	207
Movement on share based payments	(174)	(2,134)
Adjustment in deferred tax rate from 30% to 28%	-	161
Total deferred tax	2,895	1,274
Tax credit in the statement of recognised income and expense	3,060	3,005

(b) Deferred tax in the income statement

Capital allowances	52	(935)
Impairment of properties	2,435	306
Other tax provisions	(645)	(728)
Retirement benefit schemes	(43)	(667)
Rolled over gains on continuing operations	(118)	(2,506)
Fair value of associate	-	224
Rolled over gains on discontinued operation	-	1,029
Total deferred tax in the income statement	1,681	(3,277)

(c) Current year tax adjustments

The income statement for the current period has been (charged)/credited with the following amounts:

	2009 £000
(i) Tax charge on phasing out of industrial buildings allowances over three years from 1 April 2008	(472)
(ii) Tax credit on release of deferred tax liability on impairment of property	2,435
(iii) Share of associate's tax charge on phasing out of industrial building allowances over three years from 1 April 2008	(1,279)
(iv) Share of associate's tax credit on release of deferred tax liability on impairment of property	775
	1,459

(d) Prior year adjustments

The 2008 financial statements have been restated as a result of a number of prior period adjustments to correct errors.

Impairment charges were made against property in the parent company and against brands in the associate without adjusting the related deferred tax liabilities appropriately. Tax credits arise on correction of this, as detailed in (i), (ii) and (iii) below.

In addition, in the light of the phasing out of industrial building allowances, the group conducted a review of the manner of recovery of the relevant assets in the prior year. The outcome of this review was not taken into account in determining the deferred tax in the prior year accounts, and hence a correction was made through a prior period adjustment, giving rise to a tax credit as set out in (iv) below.

A. The income statement for 2008 has been restated as follows:

	Group 2008 £000	Company 2008 £000
(i) Tax credit relating to release of deferred tax liability on impairment of property	306	306
(ii) Share of associate's tax credit relating to release of deferred tax liability on impairment of brands	818	-
	1,124	306

The impact of the restatement on the relevant line items of the income statement and balance sheet is as follows:

	Group	Company
Share of associate's tax (expense)/credit	818	
Share of post tax result of associate	818	
Profit before interest	818	
Profit before tax	818	
Taxation	306	
Profit from continuing operations	1,124	
Profit for the year	1,124	
Deferred tax	1,124	1,124
Retained earnings	(1,124)	(1,124)
	Pence	Pence
Earnings per 12.5p ordinary share from continuing operations		
Basic	2.37	
Diluted	2.36	
Earnings per 12.5p ordinary share from continuing and discontinued operations		
Basic	2.37	
Diluted	2.36	

B. The deferred tax provision as at the beginning of the 2008 period has been restated as follows:

	Group 2008 £000	Company 2008 £000
(iii) Reduction in deferred tax liability on property revaluation relating to release of deferred tax on impairment of properties up to and including 2007	1,205	1,205
(iv) Reduction in deferred tax liability for industrial buildings allowances to reflect more accurately the expected manner of recovery of the relevant assets	1,514	1,514
	2,719	2,719

The impact of the restatement on the relevant line items of the balance sheet is as follows:

Deferred tax	2,719	2,719
Retained earnings	(2,719)	(2,719)

C. A summary of the overall impact of the prior year adjustments on the group financial statements is:

	Profit for the year	Retained earnings	Basic EPS continuing	Diluted EPS continuing
	£000	£000	Pence	Pence
Amount previously reported in 2008 financial statements	9,578	163,687	13.67	13.62
Adjustment (i)	306	306	0.65	0.65
Adjustment (ii)	818	818	1.72	1.71
Adjustment (iii)	-	1,205	-	-
Adjustment (iv)	-	1,514	-	-
Restated amount	10,702	167,530	16.04	15.98

6 Earnings per 12.5p ordinary share

	2009	Restated 2008
(a) Earnings		
	£000	£000
Profit from continuing operations	1,225	7,597
Profit from discontinued operation	849	3,105
Profit attributable to equity holders of the parent	2,074	10,702
Profit from continuing operations	1,225	7,597
Operating exceptional items	10,519	(728)
Share of associate's exceptional items	3,740	3,832
Premium paid on redemption of debenture	-	6,817
Discount of site proceeds	-	(2,161)
Tax attributable to above adjustments	(3,917)	(2,911)
Tax adjustments on phasing out of industrial buildings allowances:		
- group	472	-
- share of associate	1,279	-
Adjusted earnings after tax from continuing operations*	13,318	12,446
	Number	Number
Weighted average number of ordinary shares in issue	47,951,096	47,365,212
Add: the notional exercise of the weighted average number of ordinary share options outstanding	-	161,029
Diluted weighted average number of ordinary shares in issue	47,951,096	47,526,241

(b) Basic earnings per share

	Pence	Pence
Basic from continuing operations as previously stated	2.55	13.67
Effect of prior year adjustments (see note 5(d))	-	2.37
Basic from continuing operations as restated	2.55	16.04
Effect of exceptional items and other adjustments listed above	25.22	10.24
Adjusted basic from continuing operations*	27.77	26.28
Basic from continuing operations as restated	2.55	16.04
Basic from discontinued operation	1.78	6.55
Basic	4.33	22.59

(c) Diluted earnings per share

Diluted from continuing operations as previously stated	2.55	13.62
Effect of prior year adjustments (see note 5(d))	-	2.36
Diluted from continuing operations as restated	2.55	15.98
Effect of exceptional items and other adjustments listed above	25.22	10.21
Adjusted diluted from continuing operations*	27.77	26.19
Diluted from continuing operations as restated	2.55	15.98
Diluted from discontinued operation	1.78	6.54
Diluted	4.33	22.52

The comparative figures have been restated as detailed in note 5(d).

The weighted average number of shares in issue excludes the group's investment in its own shares.

Adjusted earnings per share* and adjusted diluted earnings per share* are presented to eliminate the effect of the exceptional items on basic and diluted earnings per share.

*See note 10.

7 Ordinary dividends on equity shares

	2009 Pence	2008 Pence
Final dividend (previous year)	6.50	4.84
Interim dividend (current year)	6.12	6.00
	12.62	10.84

8 Net cash generated from operations

	2009 £000	Restated 2008 £000
Profit before tax on continuing operations	4,213	11,620
Net finance costs	3,566	5,257
Premium paid on redemption of debenture	-	6,817
Discount of site proceeds	-	(2,161)
Other finance income	(285)	(1,269)
Share of post tax results of associate	2,533	1,322
Operating profit on continuing operations	10,027	21,586
Depreciation	8,105	7,120
Impairment of property	10,671	1,378
Profit on sales of properties	(925)	(1,295)
Difference between pension service cost and cash contributions paid	133	(1,283)
Allocation of shares to employees	-	749
Provision for capital gains tax on ESOP allocated shares	90	(811)
Movements in working capital		
Inventories	(209)	(99)
Receivables	179	(1,661)
Payables	(1,633)	944
Net cash generated from operations	26,438	26,628

The comparative figures have been restated as detailed in note 5(d).

9 Reconciliation of changes in equity

	2009 £000	Restated 2008 £000
Opening equity as previously stated	176,271	172,409
Prior year adjustments to deferred tax liabilities on:		
- industrial buildings allowances (see note 5 (d))	-	1,514
- property revaluation (see note 5 (d))	-	1,205
Opening equity as restated	176,271	175,128
Total recognised income and expense for the year	(6,655)	3,662
Dividends paid on equity shares	(6,062)	(5,147)
Share-based payments by associate	53	41
Allocation of shares to employees	604	2,587
Closing equity	164,211	176,271

10 Adjusted items

Throughout this document, reference to an "adjusted" item means that it refers to continuing operations only and has been adjusted to exclude:

- exceptional items for both parent and associate;
- other non-recurring items for the parent, namely the premium paid on redemption of debenture and the discount of site proceeds; and
- in the case of after-tax amounts, the tax adjustment on phasing out of industrial buildings allowances for both parent and associate.

The table below shows how adjusted 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 underlying performance.

	2009 £000	Restated 2008 £000
Profit before tax	4,213	11,620
Exceptional items - group	10,519	(728)
Exceptional items – share of associate	3,740	3,832
Premium on redemption of debenture	-	6,817
Discount on site proceeds	-	(2,161)
Share of associate's tax expense	685	(792)
Adjusted profit before tax	19,157	18,588

The comparative figures have been restated as detailed in note 5(d).