3 June 2010

Preliminary results

For the period end 29 March 2010

Highlights

	2010 £000	**+ / -**
Revenue	£127.5M	+1.1%
Profit before tax	£18.4M	+336.2%
Adjusted profit before tax	£19.4M	+1.4%
Basic earnings per share	26.00p	+919.6%
Adjusted basic earnings per share	28.71p	+3.4%
Dividend per share (interim + Final)	13.00p	+2.0%

- Resilient performance despite challenging market conditions;
- Managed house revenue up 1.3% to £112.9 million, with same outlet like-for-like revenues unchanged on last year;
- £8.2 million invested in Managed houses during the period;
- Combined food and liquor margins ahead of last year on a like-for-like basis;
- Solid performance from Wells & Young's; "Know your Stuff" campaign has proved popular with customers;
- Improved second half performance in hotels division as a result of initiatives undertaken to improve service and hotel management;
- Highly cash generative business model and robust balance sheet; net debt reduced to £62.2m (2009: £65.3m) in spite of continued programme of investment;
- Proposed 2% increase in the final dividend to 6.76p per share, making a total for the year of 13p
- Encouraging performance in the first eight weeks of the current year; managed house sales up 1.9% in total and up 2.2% on a same outlet like-for-like basis.

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

"Young's has recorded a strong performance in a year that has seen the pub industry face a number of challenges.

"This performance has been underpinned by the quality of our estate, the strength of the Young's brand, the much-valued loyalty of our customers and the considerable commitment of our people throughout the business."

"We have continued to invest in our managed and tenanted pubs as well as our hotel offering and are well positioned to expand our estate when value enhancing opportunities become available.

"Overall, Young's is in very good shape. Despite the risk of more restrained consumer expenditure in the near term, we have been encouraged by the positive trading performance since the year end and we are cautiously optimistic about the outlook for the current year as a whole."

For further information, please contact:

Young & Co.'s Brewery, P.L.C.	020 8875 7000
Stephen Goodyear, Chief Executive	
Peter Whitehead, Finance Director	
Hogarth	020 7357 9477
John Olsen / James White	

Preliminary results

For the period end 29 March 2010

This has been a year during which we have continued to drive the performance of the business in what was a very challenging market with revenues up 1.1% at £127.5 million and adjusted profit before tax up 1.4% at £19.4 million. Profit before tax, before any adjustments, was £18.4 million.

Your Board remains committed to delivering long term, asset backed, dividend growth to shareholders. We are therefore recommending a 2% increase in the final dividend to 6.76 pence per share – resulting in a total dividend for the year of 13 pence (2009: 12.75 pence). The final dividend is expected to be paid on 15 July to shareholders on the register at the close of business on 11 June. If approved, this will be the thirteenth consecutive year in which Young's shareholders have received a dividend increase. We greatly value the positive support we enjoy from our loyal shareholder base and our dividend policy is designed to reward that support.

We have a total estate of 219 pubs, with 163 in London and 56 outside the M25 in the home counties, Oxford and the West Country. 120 of these pubs are managed houses, including 16 hotels with 348 rooms; the remainder are tenancies. Our estate is well invested, with a premium drinks range supplied by Wells & Young's, our brewing partnership with Charles Wells in which we hold a 40% stake. Our enviable portfolio of pubs is targeted at discerning customers who value our quality offering of first-class food set alongside a diverse drinks range, encompassing cask ales and leading lager brands, in a welcoming ambience.

Review of operations

The largest part of our business, our managed house estate, accounts for 88.5% of total revenues.

We are pleased with this year's performance given the very tough market conditions that we have faced throughout the year. Revenue increased 1.3% to £112.9 million, with same outlet like-for-like revenues unchanged on last year. Operating profit was 1.4% ahead of last year at £26.3 million and EBITDA was 1.5% better at £33.0 million, with average EBITDA before rents per same outlet managed house of £308,800.

Liquor and food sales were both up on last year on a like-for-like basis. This growth was driven by targeted and innovative sales and marketing initiatives including "Dine with Wine", which continues to go from strength to strength. Combined gross profit margin was also healthier, with better food margins offsetting slightly lower liquor ones, as a result of absorbing some of the tax and supplier price increases. We have not indulged in extensive discounting tactics; something that we feel would sit uncomfortably with the premium positioning that gives us a clearly defined position in today's crowded market.

Our focus on e-marketing has put us in a position of strength to communicate directly with customers. Our databases now have over 300,000 individual registered addresses. With an email being sent out on average once a month to each registered address, this gave us some four million customer "touch points" during the year, transforming our ability to reach out into local communities and create an online dialogue. This helped us to build both loyalty and footfall.

Our premium strategy is supported by a market leading drinks range and high quality food offering.

Young's pubs have always been synonymous with excellent cask ales, reflected in the fact that they account for 35.4% of our total draught beer volumes. Through our associate, Wells & Young's, we sourced a wide range of own brewed cask ale brands, complemented by guest ales from a variety of other regional brewers. Our lager range, supplied by world-leading brewers, kept us in step with the latest consumer fashions. Estrella Damm and Kirin, which are Wells & Young's agency brands, provide an exciting addition to the range. Cockburn & Campbell, the wine and spirit arm of Wells & Young's, continued to provide us with a unique choice of wines.

Being local is more important to consumers than ever before and demand for British produce is rising fast. We place great emphasis on the provenance of our food offer and continue to promote our "Best of British" range. In September we were proud participants in the British Food Fortnight, a national initiative supported by the Duchess of Cornwall to promote British agriculture and produce whilst reducing food miles.

Our people are our greatest resource and we pride ourselves on being an employer of choice. We invest in the development of our people to attract and retain some of the best talent in the industry. We were particularly delighted in 2009 to have been voted one of Britain's top 100 most admired companies. Published by Management Today, the survey is a peer review of corporate reputation, as seen by a company's most knowledgeable critics – its competitors!

It is our aim to achieve consistent retail excellence and unparalleled customer service standards. In 2009 we launched our customer care programme, and created customer service champions in every pub. Excellence is recognised and rewarded throughout the business, whether through promotion or a number of internal awards.

In December, we opened Young's Food Development and Learning Centre. This is a state of the art training kitchen in the heart of Wandsworth that will allow us to implement an industry leading chef development programme aimed at improving quality, menu development and cost engineering to improve margins.

We have invested heavily in our existing estate over recent years. These investments have proven financially sound and have given us an important competitive advantage. The increase in EBITDA on the developments undertaken in the year to March 2009, which have now completed their first full year post development, demonstrate a 21.0% return on our investment.

This year we have invested a further £6.0 million in our managed pubs. Major refurbishments were carried out at the Crown, Lee; the Dog and Bull, Croydon; the Pied Bull, Streatham; the Hare and Hounds, East Sheen; the Spread Eagle, Camden; the Spring Grove, Kingston; the White Hart, Barnes and the Duke of Wellington, Portobello Road.

Each year we award one of our pub managers with the Retail Manager of the Year Award. This year it was the turn of Oisin Rogers at the Ship in Wandsworth. This was one of last year's developments and is proof that an excellent manager and his team combined with an exceptional pub attracting loyal customers can beat any economic downturn. The Ship beat strong competition from the managers of the Boat House, Putney and the Nightingale, Balham.

Our hotels had a much better second half than we reported at the interims, with RevPar (average room rate achieved multiplied by occupancy percentage) up 2.4% on the comparable six months last year. This turnaround has been the result of many initiatives. We have a new general manager for our hotel division and have appointed five new hotel managers, bringing in a wealth of experience from outside Young's. With these new managers and tailored training for existing managers, we have enhanced every aspect of our guests' experience. This has been demonstrated by favourable feedback from our hotel specific mystery guest programme which reports on their experience from reservation through to checkout and ensures we deliver consistent standards across the estate in all aspects of hotel management.

Nonetheless, despite the improving trend, hotels have had a difficult year with RevPar for the year down 6.1% to £38.62, the result of reduced room rates.

We expect this improving trend will be supported further when, during the course of the summer, we roll out our new hotel branding; this will be a discrete but complementary component of the Young's proposition. Also, in the autumn, our iconic pub, the Alma, opposite Wandsworth Town station, will complete its makeover as a 23 room hotel.

The addition of hotel rooms to the Alma, together with this year's £2.2 million investment in hotels, shows our commitment to this important part of the business. This year we refurbished a third of our 348 rooms, and have now refurbished half the room stock in the last two years. We carried out extensive works on the Coach and Horses, Kew; the Duke's Head, Wallington; the Alexander Pope, Twickenham; the Rose and Crown, Wimbledon and the Greyhound, Carshalton.

Our tenanted house estate represents only 11.2% of total revenues. Although the division has 99 pubs compared with 120 managed ones, the pubs tend to be smaller but nonetheless remain an important part of the business.

Our tenanted estate had a comparatively strong performance with like-for-like sales up 1.2% and like-for-like volumes little changed on last year. During the previous year the Thatched House, Hammersmith was transferred to managed houses and the Wheatsheaf, Borough Market has been closed with the upgrading of local rail networks. The loss of these two high profile tenancies has resulted in overall volumes being down 4.1%.

Operating profits fell 7.9% to £5.4 million as a result of the fall in overall volume coupled with not passing on all the additional supplier and duty increases to our tenants, plus other support packages individually tailored to specific tenants' circumstances. Our tenanted EBITDA was £6.5 million in total or £66,100 per pub.

This year the tenanted model has once again come under political and legislative pressure and we welcome the European Commission's timely decision to continue its block exemption on the beer tie until 2022. The decision confirms that the tie, along with many other similar business agreements, remains a recognised and legitimate business model, which fully complies with EU competition rules.

We have always acted in such a way that ensures we have a meaningful partnership with our tenants, delivering a fair deal for both parties. Young's is a long-term business and the financial health of our tenants plays its part in our success. The key to maintaining a sustainable tenanted business is ensuring we can attract the best operators. To achieve this, our packages are both competitive and flexible, tailored to individual pubs. We are committed to preserving our reputation as a fair partner. We believe that, with our well located tenanted estate, wide range of Wells & Young's products and seasonal guest ales, and with our regional brewer's heritage, we provide some of the best tenanted opportunities in the market today.

We invested £2.5 million in developing our tenanted business both on new projects and completing those from last year. The Gardeners Arms, Wandsworth; the Grand Union, Camberwell; the King's Arms, Epsom; the Lamb Inn, Hindon; the Malt Shovel, Dartford; the Court House, Dartford; the Plough Inn, Wrington; the Britannia Tap, Kensington; the Surprise, Lambeth; and the Marble Hill, Twickenham received the larger investments.

Wells & Young's

Wells & Young's has an essential role in brewing or sourcing the market leading drinks range for our pubs. It has a reputation not only for its brewing excellence but also its innovative marketing. The business had an eventful year as, in June 2009, it completed the outsourcing of all of its distribution to Kuehne + Nagel Drinks Logistics. This occurred at about the same time as the difficulties facing the owners of Cobra became apparent, a beer it brewed under contract. This culminated in a change of ownership of Cobra and the loss of the contract.

Wells & Young's again had to rationalise the business to retain its competitive edge. This made it more determined to focus on its strengths, supporting its brands and getting behind new ones. This has included breathing new life into established brands such as Directors, which saw growth of 6.6%, and building new ones such as Young's London Gold which has proved an enormous success. The "Know your Stuff" campaign has proved popular with consumers and marks Young's Bitter as a beer a cut above the rest. This summer, we formed a commercial partnership with the London Evening Standard and sporting legends Sir Geoff Hurst, Martin Peters, Alec Stewart and Brian Moore to promote cask ale and pubs during the World Cup.

We are particularly pleased to report the success of the Wells & Young's export business, which saw growth of 9.1%. After adjusting for the loss of Cobra, overall volumes for beer both brewed and sold were ahead of last year and our share of Wells & Young's profits as adjusted for exceptional items was up 3.6% at £2.0 million.

Investment and finance

Operating profit before exceptional items was down 1.2% at £20.3 million. Weaker accommodation sales in the first half and increased overheads in particular took their toll. Tight cost control helped mitigate some of the essential costs of extra marketing initiatives, increased repair costs from the unusually harsh winter and the ever increasing rates burden. In this context our contribution towards Cross Rail next year will be £200,000. This will be the minimum level of contribution each year for the next 30 years. Lower finance costs offset the reduced operating profit, leaving adjusted profit before tax up 1.4% at £19.4 million and adjusted basic earnings per share up 3.4% at 28.71 pence. On an unadjusted basis, profit before tax was £18.4 million.

We have adjusted the profits for four exceptional items:

- The compensation paid of £1.3 million for terminating a profit share scheme. This was a scheme closed to new entrants a number of years ago and enjoyed by a minority of employees. The removal of this scheme will help reduce next and future years' head office costs.
- The £0.2 million cost resulting from the merger of the previous three pension schemes into one. This not only simplifies the administration of the scheme and the associated costs, but also reduces certain risks, and results in offsetting the surplus in one scheme with the deficit in the other two.
- The £0.4 million profit on disposal of the Britannia, Barking and the Cricketers, Mitcham.
- The £0.9 million settlement gain on the pension scheme due to a number of short service deferred member's benefit liabilities being passed to the state.

In addition we have adjusted for Wells & Young's foreign exchange contracts, interest rate swap movements, reorganisation costs and tax which this year, in total, have had a net adverse effect of £0.8 million.

Our pension deficit improved in the second half as a consequence of the termination of the profit share scheme and the improvements in the market value of the schemes' investments. At the year end, the deficit was £14.1 million compared with £16.4 million at the half year (2009: £11.8 million).

Our business continues to be both cash generative and soundly financed. During the course of the year, net debt was reduced by £3.1 million to £62.2 million despite investing £10.8 million in the business. With our interest costs covered by our operating profits before exceptional items 7.6 times and with gearing of 36.9%, we have avoided the overleverage that has blighted many other companies. We have £90.0 million of bank facilities, £40.0 million of which expire in March 2013, and the remainder between 2018 and 2023. Not only do we have the benefit of unusually low financial gearing compared with our peers but our operational gearing is lower than many due to the fact that, of the 219 pubs trading at the end of the year, we own the freehold interests of 183 and have long leases with minimal rents on 11 of the remainder.

Our strong balance sheet leaves us well placed to pursue our stated aim of expanding our estate of pubs through acquisition. We looked at a number of opportunities of varying scale during the year and will continue to do so. However, we are determined not to compromise on our strict investment criteria, both quantative and qualitative, and will not chase prices that we believe are unrealistic. We are confident that opportunities will emerge, but we are prepared to be patient.

Outlook

We are encouraged by our total managed house sales in the first eight weeks of the new financial year, which were up 1.9% in total and up 2.2% on a same outlet like-for-like basis. Nonetheless we remain cautious about the outcome for the year as reduced government expenditure, rising taxes, interest rates and unemployment, which to a large extent have been avoided in this recession, could yet derail the consumers' fragile confidence and spoil economic recovery.

We will continue to focus on driving profitable revenue growth from our high quality, well invested estate, whilst proactively looking for opportunities to expand.

Stephen Goodyear
Chief Executive
2 June 2010

Group income statement
For the period ended 29 March 2010

	Notes	2010 £000	2009 £000
Continuing operations			
Revenue		**127,539**	126,091
Operating costs before exceptional items		**(107,232)**	(105,545)
Operating profit before exceptional items		**20,307**	20,546
Operating exceptional items	4	**(234)**	(10,519)
Operating profit		**20,073**	10,027
Share of associate's profit before exceptional items and tax		**1,960**	1,892
Share of associate's exceptional items		**(529)**	(3,740)
Share of associate's tax expense		**(284)**	(685)
Share of associate's post tax result		**1,147**	(2,533)
Profit before interest		**21,220**	7,494
Finance costs		**(2,675)**	(3,788)
Finance revenue		**1**	222
Other finance (charge)/income		**(170)**	285
Profit before tax		**18,376**	4,213
Taxation	5	**(5,858)**	(2,988)
Profit from continuing operations		**12,518**	1,225
Profit from discontinued operation	2	**-**	849
Profit for the period attributable to shareholders		**12,518**	2,074
		Pence	Pence
Earnings per 12.5p ordinary share from continuing operations			
Basic and diluted	8	**26.00**	2.55
Earnings per 12.5p ordinary share from continuing and discontinued operations			
Basic and diluted	8	**26.00**	4.33

Group statement of comprehensive income
For the period ended 29 March 2010

	Notes	**2010 £000**	2009 £000
Profit for the period		**12,518**	2,074
Other comprehensive income			
Actuarial loss on retirement benefit schemes		**(3,990)**	(6,817)
Hedging reserve fair value movement of interest rate swap		**508**	(4,287)
Tax on above components of other comprehensive income	5	**1,408**	3,069
Associate's actuarial loss (net of deferred tax) on retirement benefit schemes		**(334)**	(685)
		(2,408)	(8,720)
Total comprehensive income attributable to shareholders		**10,110**	(6,646)

Group balance sheet
At 29 March 2010

	2010	2009
	£000	£000
Non current assets		
Property and equipment	**256,240**	256,908
Prepaid operating lease premiums	**6,244**	5,916
Investment in associate	**17,452**	16,604
Other financial asset	**600**	600
	280,536	280,028
Current assets		
Prepaid operating lease premiums	**92**	86
Inventories	**1,705**	1,702
Trade and other receivables	**4,321**	4,742
Cash	**1,575**	1,519
	7,693	8,049
Non current assets classified as held for sale	**2,573**	797
Total assets	**290,802**	288,874
Current liabilities		
Borrowings	**(2)**	(2)
Trade and other payables	**(17,695)**	(18,798)
Income tax payable	**(2,037)**	(1,705)
	(19,734)	(20,505)
Non current liabilities		
Borrowings	**(63,817)**	(66,819)
Derivative financial instruments	**(4,290)**	(4,798)
Deferred tax	**(20,226)**	(20,788)
Retirement benefit schemes	**(14,121)**	(11,753)
	(102,454)	(104,158)
Total liabilities	**(122,188)**	(124,663)
Net assets	**168,614**	164,211
Capital and reserves		
Share capital	**6,028**	6,028
Share premium	**1,274**	1,274
Other reserves	**1,808**	1,946
Hedging reserve	**(3,089)**	(3,455)
Investment in own shares	**-**	(38)
Retained earnings	**162,593**	158,456
Total equity	**168,614**	164,211

Group statement of cash flows
For the period ended 29 March 2010

	Notes	**2010 £000**	2009 £000
Operating activities			
Net cash generated from operations	9	**26,940**	26,438
Exceptional VAT on disposal of sites		**-**	(10,281)
Interest received		**1**	222
Tax (paid)/ rebates received		**(4,680)**	244
Net cash flow from operating activities		**22,261**	16,623
Investing activities			
Sales of other property and equipment		**1,005**	1,391
Purchases of property and equipment		**(10,399)**	(24,487)
Prepayments of operating lease premiums		**(420)**	-
Net cash used in investing activities		**(9,814)**	(23,096)
Financing activities			
Interest paid		**(3,185)**	(3,431)
Equity dividends paid	6	**(6,206)**	(6,062)
Proceeds from exercise of share options in the employee benefit trust		**-**	636
(Decrease)/increase in borrowings		**(3,000)**	16,500
Net cash (used in)/generated from financing activities		**(12,391)**	7,643
Increase in cash		**56**	1,170
Cash at the beginning of the period		**1,519**	349
Cash at the end of the period		**1,575**	1,519

Statements of changes in equity
At 29 March 2010

	Share capital £000	Share premium £000	Other reserves £000	Hedging reserve £000	Investment in own shares £000	Retained earnings £000	Total equity £000
Group							
At 30 March 2008	**6,028**	**1,274**	**1,946**	**(368)**	**(139)**	**167,530**	**176,271**
Total comprehensive income							
Profit for the period	-	-	-	-	-	2,074	2,074
Other comprehensive income							
Actuarial loss on retirement benefit schemes	-	-	-	-	-	(6,817)	(6,817)
Hedging reserve fair value movement of interest rate swap	-	-	-	(4,287)	-	-	(4,287)
Tax on above components of other comprehensive income	-	-	-	1,200	-	1,869	3,069
Associate's actuarial loss (net of deferred tax) on retirement benefit schemes	-	-	-		-	(685)	(685)
	-	-	-	(3,087)	-	(5,633)	(8,720)
Total comprehensive income	-	-	-	(3,087)	-	(3,559)	(6,646)
Transactions with owners recorded directly in equity							
Dividends paid on equity shares	-	-	-	-	-	(6,062)	(6,062)
Allocation of shares to employees	-	-	-	-	101	503	604
Tax on share-based payments	-	-	-	-	-	(9)	(9)
Share-based payments by associate	-	-	-	-	-	53	53
	-	-	-	-	101	(5,515)	(5,414)
At 28 March 2009	**6,028**	**1,274**	**1,946**	**(3,455)**	**(38)**	**158,456**	**164,211**
Total comprehensive income							
Profit for the period	-	-	-	-	-	12,518	12,518
Other comprehensive income							
Actuarial loss on retirement benefit schemes	-	-	-	-	-	(3,990)	(3,990)
Hedging reserve fair value movement of interest rate swap	-	-	-	508	-	-	508
Tax on above components of other comprehensive income	-	-	-	(142)	-	1,550	1,408
Associate's actuarial loss (net of deferred tax) on retirement benefit schemes	-	-	-		-	(334)	(334)
	-	-	-	366	-	(2,774)	(2,408)
Total comprehensive income	-	-	-	366	-	9,744	10,110
Transactions with owners recorded directly in equity							
Dividends paid on equity shares	-	-	-	-	-	(6,206)	(6,206)
Allocation of shares to employees	-	-	-	-	38	419	457
Transfer of share-based payment reserve	-	-	(138)	-	-	138	-
Share-based payments by associate	-	-	-	-	-	42	42
	-	-	(138)	-	38	(5,607)	(5,707)
At 29 March 2010	**6,028**	**1,274**	**1,808**	**(3,089)**	**-**	**162,593**	**168,614**

Notes

1. Accounts

This preliminary announcement was approved by the Board on 2 June 2010. It does not constitute the statutory financial statements of the Group. The statutory financial statements for the year ended 28 March 2009 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 29 March 2010, 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 or 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 year ended 29 March 2010, which are expected to be mailed to shareholders on or before 16 June 2010. 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 & 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:

	2010 **£000**	2009 £000
Profit before tax		
Non-operating exceptional items - restructuring costs written back	**-**	304
Tax credit	**-**	545
Profit from discontinued operation	**-**	849

3. Segmental reporting

The Group is organised into the reportable segments referred to below. These segments are based on different resources and risks involved in the running of the Group. The Executive Board of the Group internally reviews each reportable segment's operating profit or loss before exceptional items for the purpose of deciding on the allocation of resources and assessing performance. The segments shown below are the Group's operating segments.

Managed houses – operate and run pubs. Revenue is derived from sales of drink, food and accommodation.

Tenanted houses – pubs owned or leased by Young's and leased or sub leased to third parties. Revenue is derived from rents payable by, and sales of drink made to, tenants.

There were no intersegment revenues between the segments both in the current period and the prior period. The Group's revenue from external customers and its assets derive entirely from the UK.

2010	**Managed houses £000**	**Tenanted houses £000**	**Segment Total £000**	**Unallocated £000**	**Total £000**
Income Statement					
Segment revenue	**112,915**	**14,282**	**127,197**	**342**	**127,539**
Depreciation and amortisation	**(6,728)**	**(1,185)**	**(7,913)**	**(700)**	**(8,613)**
Operating profit before exceptional items	**26,314**	**5,354**	**31,668**	**(11,361)**	**20,307**
2009					
Income Statement					
Segment revenue	111,415	14,329	125,744	347	126,091
Depreciation and amortisation	(6,605)	(1,174)	(7,779)	(326)	(8,105)
Operating profit before exceptional items	25,939	5,815	31,754	(11,208)	20,546

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

	2010 £000	2009 £000
Operating profit before exceptional items	**20,307**	20,546
Share of associate's profit before exceptional items and tax	**1,960**	1,892
Share of associate's exceptional items	**(529)**	(3,740)
Share of associate's tax expense	**(284)**	(685)
Finance costs	**(2,675)**	(3,788)
Finance revenue	**1**	222
Other finance (charge)/income	**(170)**	285
Operating exceptional items	**(234)**	(10,519)
Profit before tax from continuing operations	**18,376**	4,213
Profit before tax from discontinued operation	**-**	304
Profit before tax	**18,376**	4,517

4. Exceptional items

(a) Operating exceptional items

	2010 **£000**	2009 £000
Profit sharing scheme compensation	**(1,350)**	-
Pension scheme settlement gain	**900**	-
Profit on sales of properties	**421**	925
Pension schemes merger costs	**(217)**	-
Capital gains tax on ESOP allocated shares	**12**	(90)
Impairment of properties	**-**	(10,671)
Hotel project fees written off	**-**	(683)
	(234)	(10,519)

The profit sharing scheme compensation relates to a payment, part cash and part shares, made to members in connection with them giving up their rights to receive an annual profit share allocation under the scheme for the period ended 29 March 2010 and for future periods.

The pension scheme settlement gain relates to the members who have left the scheme.

The profit on sales of properties relates to the difference between the cash, less selling costs, received from the sale of the Britannia, Barking and the Cricketers, Mitcham and the carrying value of the assets on the date of sale.

Pension scheme merger costs relate to the legal and actuarial fees relating to the merger of the three defined benefit schemes into one; the Young & Co.'s Brewery, P.L.C. Pension Scheme.

The capital gains tax on ESOP allocated shares relates to the shares held within the Ram Brewery Trust II on behalf of the now closed profit sharing scheme. A liability is recognised at each balance sheet date for the potential capital gains tax that could arise on the disposal of shares to the members of the scheme on retirement. The current period credit represents a release of a tax provision.

The impairment loss in the prior period was based on a number of pubs whose individual recoverable amounts fell below its individual carrying value due to the weakening UK economy, the fall in property values and the deterioration in the consumer environment.

Last period, 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 the Company's estate. The Company have been successful in identifying specific opportunities and obtained planning permission to exploit them; where this had not been the case, a decision to write off the relevant costs was taken.

(b) Share of associate's exceptional items

	2010 **£000**	2009 £000
Reorganisation costs	**(121)**	(605)
Fair value movement on foreign exchange forward contracts	**(564)**	421
Fair value movement on interest rate swap	**156**	(788)
Impairment of property	**-**	(2,768)
	(529)	(3,740)

This period, reorganisation costs consist mainly of redundancy payments relating to reducing production overheads following the loss of the Cobra brewing contract. Last period, the decision to outsource distribution and warehousing activities resulted in both an impairment in the distribution warehouse and reorganisation costs which consisted mainly of redundancy payments.

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 period. These have been recorded as exceptional by nature of their size.

5. Taxation

	2010 £000	2009 £000
(a) Tax (charged)/credited in the income statement		
(i) Continuing operations		
Current tax		
Group excluding associate	**(4,827)**	(4,508)
Adjustment in respect of prior periods	**(185)**	(161)
Total current tax	**(5,012)**	(4,669)
Deferred tax		
Deferred tax on impairment of properties	**-**	2,435
Origination and reversal of temporary differences	**(287)**	(210)
Adjustment on phasing out of industrial buildings allowances	**-**	(472)
Adjustment in respect of prior periods*	**(559)**	(72)
Total deferred tax	**(846)**	1,681
Tax charge in the income statement on continuing operations	**(5,858)**	(2,988)

* This item is largely comprised of an immaterial amount of £672,000 which adjusts an amount from the prior period.

	2010 £000	2009 £000
(ii) Discontinued operation		
Current tax		
Current tax	**-**	495
Adjustment in respect of prior periods	**-**	50
Current tax credit in the income statement on discontinued operation	**-**	545
Tax charge in the income statement	**(5,858)**	(2,443)

(b) Tax credited/(charged) on group components of other comprehensive income

	2010 £000	2009 £000
Deferred tax		
Retirement benefit schemes	**1,117**	1,908
Property revaluation – movement due to indexation	**433**	(39)
Interest rate swaps	**(142)**	1,200
Total deferred tax	**1,408**	3,069
Tax credit on group components of other comprehensive income	**1,408**	3,069

(c) Deferred tax (charged)/credited in the income statement

	2010 £000	2009 £000
Continuing operations		
Capital allowances	**57**	52
Impairment of properties	**-**	2,435
Property revaluation- movement due to disposals*	**(816)**	-
Other tax provisions	**174**	(645)
Retirement benefit schemes	**(261)**	(43)
Rolled over gains	**-**	(118)
Total deferred tax in the income statement	**(846)**	1,681

* This item is largely comprised of an immaterial amount of £672,000 which adjusts an amount from the prior period.

	2010 £000	2009 £000
(d) Reconciliation of the tax charge in the income statement		
Profit from continuing operations	**17,229**	6,746
Profit from discontinued operation	**-**	304
Total profit before tax	**17,229**	7,050
Total profit before tax at corporation tax rate of 28% (2009: 28%)	**(4,824)**	(1,974)
Expenses not deductible for tax purposes	**(264)**	(444)
Adjustment for phasing out of industrial buildings allowances	**-**	(472)
Adjustment in respect of prior periods	**(744)**	(183)
Utilisation of tax losses not previously recognised	**-**	495
Other adjustments	**(26)**	135
Total tax charge in the income statement	**(5,858)**	(2,443)

(e) Tax on discontinued operation

	2010 £000	2009 £000
Tax credit on discontinued operation	**-**	545

(f) Prior period tax adjustments

The income statement for the comparative period was (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

6. Ordinary dividends on equity shares

	2010 Pence	2009 Pence	**2010 £000**	2009 £000
Final dividend (previous period)	**6.63**	6.50	**3,197**	3,122
Interim dividend (current period)	**6.24**	6.12	**3,009**	2,940
	12.87	12.62	**6,206**	6,062

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.

	2010 £000	2009 £000
Profit before tax	**18,376**	4,213
Operating exceptional items	**234**	10,519
Share of associate's exceptional items	**529**	3,740
Share of associate's tax expense	**284**	685
Adjusted profit before tax	**19,423**	19,157

8. Earnings per 12.5p ordinary share

(a) Earnings

	2010 £000	2009 £000
Profit from continuing operations	**12,518**	1,225
Profit from discontinued operation	**-**	849
Profit attributable to equity holders of the parent	**12,518**	2,074
Profit from continuing operations	**12,518**	1,225
Operating exceptional items	**234**	10,519
Share of associate's operating exceptional items	**529**	3,740
Tax attributable to above adjustments	**542**	(3,917)
Tax adjustments on phasing out of industrial buildings allowances:		
– Company	**-**	472
– share of associate	**-**	1,279
Adjusted earnings after tax from continuing operations	**13,823**	13,318

	Number	Number
Basic and diluted weighted average number of ordinary shares in issue	**48,140,410**	47,951,096

(b) Basic and diluted earnings per share

	Pence	Pence
Basic and diluted from continuing operations	**26.00**	2.55
Effect of exceptional items and other adjustments listed above	**2.71**	25.22
Adjusted basic and diluted from continuing operations	**28.71**	27.77
Basic and diluted from continuing operations	**26.00**	2.55
Basic and diluted from discontinued operation	**-**	1.78
Basic and diluted from total operations	**26.00**	4.33

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.

9. Net cash generated from operations

	2010 £000	2009 £000
Profit before tax on continuing operations	**18,376**	4,213
Net finance cost	**2,674**	3,566
Other finance charge/(income)	**170**	(285)
Share of associate's post tax result	**(1,147)**	2,533
Operating profit on continuing operations	**20,073**	10,027
Depreciation	**8,613**	8,105
Impairment of property	**-**	10,671
Profit on sales of properties	**(421)**	(925)
Pension scheme settlement gain	**(900)**	-
Difference between pension service cost and cash contributions paid	**(892)**	133
Allocation of shares to employees	**457**	-
Provision for capital gains tax on ESOP allocated shares	**(12)**	90
Movements in working capital		
Inventories	**4**	(209)
Receivables	**507**	179
Payables	**(489)**	(1,633)
Net cash generated from operations	**26,940**	26,438

10. Analysis of net debt

	2010 £000	2009 £000
Cash	**1,575**	1,519
Loan capital and finance leases	**(63,819)**	(66,821)
Net debt	**(62,244)**	(65,302)