Young & Co.'s Brewery, P.L.C.

Interim results for the 26 weeks ended 30 September 2013

	2013 £000	2012 £000	% Change
Revenue	**108,181**	100,189	+8.0
Adjusted operating profit*	**18,747**	16,289	+15.1
Operating profit	**17,749**	16,445	+7.9
Adjusted profit before tax*	**15,894**	13,403	+18.6
Profit before tax	**14,896**	13,559	+9.9
Adjusted basic earnings per share*	**25.26p**	21.41p	+18.0
Basic earnings per share	**27.92p**	23.34p	+19.6
Interim dividend per share	**7.45p**	7.02p	+6.1

All of the results above are from continuing operations.
The comparative figures for 2012 have been restated as a result of the adoption of the revisions to IAS 19 Employee benefits (see note 1).
* Reference to an "adjusted" item means that item has been adjusted to exclude exceptional items (see note 3).

Highlights

- Another excellent period against strong comparatives;
- Revenue up 8.0% in total and up 5.6% on a like-for-like basis;
- Managed house revenue up 9.0% to £102.3 million, with same outlet like-for-like sales up 6.0%. Managed house operating profit up 16.9%;
- Further investment has improved the quality of the estate, with £17.7 million invested in first half; recent new openings performing very strongly;
- Net debt increased slightly to £113.5 million, owing to investment in estate and four freehold acquisitions, but continuing to fall as multiple of EBITDA (2.6 times);
- 6.1% increase in the interim dividend to 7.45 pence; 17th consecutive year of dividend growth; and
- Positive trading since the period end; managed house revenue in first seven weeks of second half up 7.7% in total, up 4.6% on like-for-like basis.

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

"This has been an excellent six months for Young's, especially when set against the strong comparators of last year when London was reveling in the Golden Jubilee and Olympics.

"Our well located premium pubs, many with riverside locations or attractive gardens, have allowed us to make the most of the warm summer. We have also benefited from the improvement in consumer sentiment in London and the south of England, where we are focused. What the past five years have shown however, is that we are capable of generating profitable growth come rain or shine, and even in a very tough economic climate.

"Trading in the early part of the second half has been good, and we will continue to invest in both our Young's and Geronimo estates – and in both pubs and hotels. Overall, we feel positive about the 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

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INTERIM STATEMENT

Another excellent period of trading for Young's, revenue was up 8.0% with profit before tax up 9.9% at £14.9 million and, once adjusted for exceptional items, up 18.6% at £15.9 million.

With an abundance of gardens and riverbank locations, the warm dry summer provided a perfect environment for us to make the most of our high quality estate and, in turn, drive our managed house like-for-like sales up by an industry leading 6.0%. This performance is all the more satisfying given the strong prior year comparators created by last summer's unique London events.

The Chancellor of the Exchequer's announcement in the March Budget to scrap the beer duty escalator and reduce beer duty for the first time since 1959 was a welcome step. We were happy to pass this saving directly on to our customers. Furthermore, there are some increasing signs that the economy is starting to improve.

We invested £17.7 million in developing our existing pub estate and in four new freehold acquisitions. The business remains soundly financed with strong asset backing. At the period end we had 240 pubs of which more than 80% were either freehold or on long leases with peppercorn rents. Our net debt at the period end was £113.5 million, net interest costs were covered 6.7 times by operating profits and gearing was 32.0%.

In line with our progressive dividend policy, the board has decided to raise the interim dividend for the 17th consecutive year. A dividend of 7.45 pence per share, an increase of 6.1%, will be paid on 13 December 2013 to shareholders on the register at the close of business on 29 November 2013.

BUSINESS REVIEW

MANAGED OPERATION

Our managed operation, with its 128 Young's (including 18 hotels) and 35 Geronimo pubs, had a very strong half, with total revenue up 9.0% and 6.0% on a like-for-like basis. Adjusted operating profit was up 16.9% in total and 13.4% on a like-for-like basis.

Young's managed house revenue was up an impressive 12.1% in total and 7.0% on a like-for-like basis. Geronimo's extraordinary trading performance at the Cow and the Calf pop-up in Stratford during the Olympic and Paralympic Games last summer make their growth rates appear more modest with total revenue up 1.0% and 3.5% on a like-for-like basis. Excluding these two Stratford sites, Geronimo's revenue increased by 7.8% and by 7.1% on a like-for-like basis; a strong performance.

Across the estate like-for-like drink sales were up 5.5%. The Young's beer brands, with their new "luggage label" design pump clips, help complement Young's contemporary new brand identity and reflect the authenticity, modernity and freshness of our offer. Our commitment to premium products, and in particular craft beers, remains unchanged. In addition Wells & Young's DNA New World IPA, developed with the Dogfish Head Brewery in Delaware, provides an exciting blend of East Coast US and English brewing styles. Sales of traditional summer drinks, such as sparkling wine and cider, prospered with the good weather with sales up 27.7% and 24.0% respectively.

Food sales growth continues to outperform drink, with total food sales up 11.9% and 7.8% on a like-for-like basis. Our premium, fresh, seasonal British food offer is the cornerstone of this success. Food sales in turn combined with the extensive wine knowledge of our highly trained staff has also helped drive a 9.2% increase in our wine sales. Food accounted for 29.4% of total revenue in the period (2012: 28.7%).

The expansion of the Young's hotels continues to fulfil our strategy of maximising returns from our existing estate. The 27 rooms added in the previous year at the Foley (Claygate) and the Bull's Head (Chislehurst) have helped lift our accommodation revenue by 6.8% in the period. Occupancy rates are up 1.8% points and RevPAR (revenue per available room) improved by £1.08 to £55.22. Hotel expansion is expected to continue in the second half of the year with planning permission obtained to develop 16 rooms at the Dog and Fox (Wimbledon) and an additional 13 rooms at the Windmill (Clapham Common).

We invested £10.4 million on our managed house estate - £7.9 million on Young's pubs, £1.1 million on Young's hotels, and £1.4 million on Geronimo pubs. The major beneficiaries in the period were the Adam and Eve (Fitzrovia), Duke of Wellington (Notting Hill), Flask (Hampstead), Hand and Spear (Weybridge), Horts (Bristol), Lord Palmerston (Tufnell Park), Queen Adelaide (Wandsworth) and the White Hart (Barnes).

Last year's new additions are proving to be excellent investments, none more so than the Wheatsheaf and the Cutty Sark (Greenwich). Located in the vibrant Borough Market, the Wheatsheaf, with its fashionable offer and traditional touch, has been a runaway success from the outset. The Cutty Sark was launched as a Young's pub in November 2012, and its Willis Dining room offers breathtaking views of the Canary Wharf skyline and Thames whilst you enjoy your Salcombe scallops, Brixham crab or Young's Ale battered fish and chips.

Our strong like-for-like sales are driven not just by the quality of our offer but also by our ability to engage directly with our customers. Our digital strategy enables us to exploit the power of smartphones. Our new responsive website, www.youngs.co.uk, creates an enhanced user experience for mobile and tablet platforms, with engaging blog content increasing the frequency and duration of visits to our website. We are also embracing technology to improve our face-to-face interaction with customers.

TENANTED OPERATION

During the course of the year we acquired three new tenancies - the Clapham North, New Inn (Ealing) and Royal Oak (Bethnal Green) and transferred a further four to our managed estate – the Bull's Head (Barnes), King's Arms (Epsom), Marquess Tavern (Islington) and the Three Lords (Minories in the City). Last year we sold nine tenanted pubs and transferred one to Geronimo. As a result of these sales and transfers tenanted sales are as expected down, in total by 7.1% and profits down 19.4% at £1.9 million. We now operate 77 tenancies compared with 88 eighteen months ago. Tenanted houses now represent 5.3% of group revenue compared with 6.2% this time last year.

We remain committed to the traditional tenancy model and have continued to invest in our existing tenanted estate. The majority of our tenancies are three or five year agreements, where we provide the financial support for trade building investments, share operational and marketing expertise and in turn harness the entrepreneurial drive of the tenant. Shortly after the period end, our code of practice achieved industry accreditation – this meets the latest requirements of the UK pub industry on how tied agreements should operate.

INVESTMENT AND FINANCE

Adjusted operating profit increased by 15.1%, driven by strong sales growth in our managed estate. Operating margins improved by 1.1% points to 17.3% as we continue to realise synergies from our growing managed estate. Our operating activities generated £25.6 million of net cash flow, of which £9.0 million has been reinvested in our existing estate and £8.7 million on acquiring a further four freehold properties. Net debt has, as a result, increased by £0.9 million to £113.5 million.

The business remains soundly financed, interest costs were covered 6.7 times by operating profit and recent profit improvements have resulted in net debt continuing to fall as a multiple of the last twelve months' EBITDA, now 2.6 times. £10.0 million of our £50.0 million syndicated loan is repayable in December 2013; this will be met from existing committed facilities. The business is asset backed and net assets per share excluding deferred tax and the benefit of any lotting premium has increased over the last 12 months from £7.85 to £8.28.

Since the year end our pension deficit has fallen by £2.3 million to £6.6 million as a result of lower inflation expectations. We no longer benefit from a finance income from our pension assets due to a change in IFRS which has removed the separate assumptions for returns on pension assets and replaced it with the same discount factor we use on our pension liabilities. As a result of this change, we have restated last year's profit, lowering it by £0.9 million and the corresponding six months by £0.5 million.

We operate a progressive dividend policy, and as a consequence have increased the interim dividend, for the 17th consecutive time, by 6.1%.

CURRENT TRADE AND OUTLOOK

The momentum generated during the summer has continued into the second half of the year. Managed house revenue in the first seven weeks of the period was up 7.7% in total and 4.6% on a like-for-like basis.

The latest addition to our Young's managed estate, the Bull and Gate (Kentish Town), is due to open in February following a large refurbishment. The Bull's Head is also set to re-launch before Christmas under the Geronimo brand, an exciting redevelopment embracing its live jazz legacy. We have acquired the Boatman, a riverside site in Guildford, and exchanged contracts on the Guard House in the Berkeley Group Woolwich Arsenal development. The second half of the year sees the Cutty Sark, Narrowboat (Islington), Wheatsheaf and the

Foley under its new hotel status, all reach their first anniversaries and so start to be measured against their own strong comparatives.

Our strategy is to continue to develop and grow an estate of well-located premium pubs, primarily in London and the south east and focused mainly on managed operations. We run pubs rather than restaurants, providing an exciting choice of both food and drink, and maintaining traditional values but in an environment that appeals to today’s market. We will continue to invest in our existing estate to maintain our premium positioning and to grow our hotel business. We continue to search proactively for further attractive investment opportunities, either in the form of individual pubs or packages.

It is this strategy, combined with our strong financial profile and our committed team of people across the business that will allow us to continue to deliver superior returns to our shareholders.

Stephen Goodyear
Chief Executive
20 November 2013

The 2013 interim report is expected to be mailed to shareholders on 29 November 2013 and copies of it will be available on the company’s website and on request from the Company Secretary at the company's registered office: Riverside House, 26 Osiers Road, Wandsworth, London, SW18 1NH (tel: 020 8875 7000).

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 30 September 2013 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 30 September 2013 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
20 November 2013

Group income statement

For the 26 weeks ended 30 September 2013

	Notes	**Unaudited 26 weeks to 30 Sep 2013 £000**	Restated Unaudited 26 weeks to 1 Oct 2012 £000	Restated Audited 52 weeks to 1 Apr 2013 £000
Revenue		**108,181**	100,189	193,677
Operating costs before exceptional items		**(89,434)**	(83,900)	(164,742)
Operating profit before exceptional items		**18,747**	16,289	28,935
Operating exceptional items	3	**(998)**	156	(1,809)
Operating profit		**17,749**	16,445	27,126
Finance costs		**(2,805)**	(2,977)	(5,894)
Finance revenue		**150**	295	543
Other finance charge	9	**(198)**	(204)	(360)
Profit before tax		**14,896**	13,559	21,415
Taxation	4	**(1,420)**	(2,303)	(5,066)
Profit for the period		**13,476**	11,256	16,349
Attributable to				
Shareholders of the parent		**13,476**	11,254	16,292
Non controlling interest		**-**	2	57
Profit for the period		**13,476**	11,256	16,349

		Pence	Pence	Pence
Earnings per 12.5p ordinary share				
Basic	5	**27.92**	23.34	33.78
Diluted	5	**27.89**	23.32	33.76

The comparative figures for 2012 have been restated as a result of the adoption of the revisions to IAS 19 Employee benefits (see note 1).

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

Group statement of comprehensive income

For the 26 weeks ended 30 September 2013

	Notes	**Unaudited 26 weeks to 30 Sep 2013 £000**	Restated Unaudited 26 weeks to 1 Oct 2012 £000	Restated Audited 52 weeks to 1 Apr 2013 £000
Profit for the period		**13,476**	11,256	16,349
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of retirement benefit schemes	9	**2,414**	2,213	(2,198)
Tax on remeasurement of retirement benefit schemes	4	**(1,287)**	(746)	268
Items that will be reclassified subsequently to profit or loss:				
Unrealised gain on revaluation of property		**-**	-	8,547
Fair value movement of interest rate swaps		**4,012**	(2,336)	(1,647)
Tax on components of other comprehensive income	4	**4,427**	2,236	2,440
		9,566	1,367	7,410
Total comprehensive income		**23,042**	12,623	23,759
Attributable to				
Shareholders of the parent		**23,042**	12,621	23,702
Non controlling interest		**-**	2	57
Total comprehensive income		**23,042**	12,623	23,759

The comparative figures for 2012 have been restated as a result of the adoption of the revisions to IAS 19 Employee benefits (see note 1).

Group balance sheet
At 30 September 2013

	Notes	**Unaudited At 30 Sep 2013 £000**	Unaudited At 1 Oct 2012 £000	Audited At 1 Apr 2013 £000
Non current assets				
Goodwill		**20,426**	20,426	20,426
Property and equipment	8	**527,549**	504,118	515,899
Deferred tax assets		**4,983**	-	7,111
Other financial asset		**-**	4,604	-
		552,958	529,148	543,436
Current assets				
Inventories		**2,532**	2,539	2,455
Other financial asset		**4,899**	4,899	4,749
Trade and other receivables		**4,681**	5,558	4,261
Cash		**2,291**	3,465	6,123
		14,403	16,461	17,588
Total assets		**567,361**	545,609	561,024
Current liabilities				
Borrowings		**(10,006)**	(6)	(10,006)
Trade and other payables		**(26,278)**	(21,903)	(24,156)
Income tax payable		**(3,961)**	(3,835)	(2,545)
		(40,245)	(25,744)	(36,707)
Non current liabilities				
Borrowings		**(105,779)**	(120,576)	(108,680)
Derivative financial instruments		**(9,858)**	(14,559)	(13,870)
Deferred tax liabilities		**(50,507)**	(51,791)	(58,381)
Retirement benefit schemes	9	**(6,556)**	(6,169)	(8,841)
		(172,700)	(193,095)	(189,772)
Total liabilities		**(212,945)**	(218,839)	(226,479)
Net assets		**354,416**	326,770	334,545
Capital and reserves				
Share capital		**6,036**	6,028	6,028
Share premium		**1,671**	1,274	1,274
Capital redemption reserve		**1,808**	1,808	1,808
Hedging reserve		**(7,887)**	(11,211)	(10,680)
Revaluation reserve		**168,860**	160,157	168,860
Retained earnings		**183,928**	168,754	167,255
Equity attributable to equity shareholders of the parent		**354,416**	326,810	334,545
Non controlling interest		**-**	(40)	-
Total equity		**354,416**	326,770	334,545

Group statement of changes in equity
For the 26 weeks ended 30 September 2013

	Notes	Unaudited 26 weeks to 30 Sep 2013 £000	Restated Unaudited 26 weeks to 1 Oct 2012 £000	Restated Audited 52 weeks to 1 Apr 2013 £000
Opening equity		**334,545**	317,643	317,643
Total comprehensive income				
Profit for the period		**13,476**	11,256	16,349
Other comprehensive income				
Remeasurement of retirement benefit schemes	9	**2,414**	2,213	(2,198)
Fair value movement of interest rate swaps		**4,012**	(2,336)	(1,647)
Unrealised gain on revaluation of property		**-**	-	8,547
Tax on above components of other comprehensive income	4	**3,140**	1,490	2,708
		9,566	1,367	7,410
Total comprehensive income		**23,042**	12,623	23,759
Transactions with owners recorded directly in equity				
Share capital issued		**405**	-	-
Dividends paid on equity shares		**(3,670)**	(3,496)	(6,882)
Disposal of subsidiary		**-**	-	(15)
Share based payments		**51**	-	33
Tax on share based payments		**43**	-	7
		(3,171)	(3,496)	(6,857)
Closing equity		**354,416**	326,770	334,545

The comparative figures for 2012 have been restated as a result of the adoption of the revisions to IAS 19 Employee benefits (see note 1).

Group statement of cash flow

For the 26 weeks ended 30 September 2013

	Notes	**Unaudited 26 weeks to 30 Sep 2013**	Unaudited 26 weeks to 1 Oct 2012	Audited 52 weeks to 1 Apr 2013
		£000	£000	£000
Operating activities				
Net cash generated from operations	7	**25,605**	16,282	35,118
Interest received		**-**	4	6
Tax paid		**(2,568)**	(2,043)	(5,393)
Net cash flow from operating activities		**23,037**	14,243	29,731
Investing activities				
Sales of property and equipment		**-**	2,767	4,161
Sale of discontinued operations		**-**	-	5,000
Purchases of property and equipment		**(8,983)**	(9,457)	(16,793)
Business combinations, net of cash acquired		**(8,685)**	-	(3,700)
Net cash used in investing activities		**(17,668)**	(6,690)	(11,332)
Financing activities				
Issue of shares		**4**	-	-
Interest paid		**(2,529)**	(3,006)	(5,808)
Equity dividends paid		**(3,670)**	(3,496)	(6,882)
Decrease in borrowings		**(3,006)**	(1,500)	(3,500)
Net cash flow used in financing activities		**(9,201)**	(8,002)	(16,190)
(Decrease)/increase in cash		**(3,832)**	(449)	2,209
Cash at the beginning of the period		**6,123**	3,914	3,914
Cash at the end of the period		**2,291**	3,465	6,123

NOTES TO THE FINANCIAL STATEMENTS

1. Accounts

This interim report was approved by the board on 20 November 2013. 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 2014 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 1 April 2013 with the exception of the following changes to accounting policies and IFRS which the group has adopted for the 2014 financial year:

(a) Retirement benefit schemes
The group's income statement and statement of comprehensive income for the periods ended 1 October 2012 and 1 April 2013 have been restated following the adoption of IAS 19: Employee Benefits (Revised). The revised standard is effective for the full year ending 31 March 2014 and has been applied retrospectively. The key impact on the group will be to remove the separate assumptions for expected return on plan assets and discounting of scheme liabilities and to replace them with one single discount rate for the net deficit.

For the interim comparatives at 1 October 2012, within the income statement, the other finance income of £247,000 has been restated to a charge of £204,000 and the tax charge has been restated from £2,407,000 to £2,303,000. Within other comprehensive income, the remeasurement of retirement benefits has been reduced by £451,000 and the deferred tax credit has been reduced by £104,000. For the full year comparatives at 1 April 2013, within the income statement, the other finance income of £544,000 has been restated to a charge of £360,000 and the tax charge has been restated from £5,274,000 to £5,066,000. Within other comprehensive income, the remeasurement of retirement benefits has been reduced by £904,000 and the deferred tax credit has been reduced by £208,000.

Although the restatement had no effect on the group's balance sheet and statement of cash flow, certain notes have been restated to reflect the reclassification between other finance charge and remeasurement of retirement benefits.

(b) Fair value measurement
IFRS 13: Fair value measurement is effective for the full year ending 31 March 2014 and is to be applied prospectively. The new standard establishes a single source of guidance under IFRS for all fair value measurements. The standard does not change when a company is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The adoption of the standard has had no impact on the group.

(c) Presentation of items of other comprehensive income
As a result of the amendments to IAS 1: Presentation of Financial Statements, the group has modified the presentation of items of other comprehensive income to present separately items that would be reclassified to profit or loss in the future from those that would never be.

The adoption of the amendment to IAS 1 has no impact on the recognised assets, liabilities and comprehensive income of the group.

(d) IFRS updates
The International Accounting Standards Board (IASB) and the Interpretations Committee have issued various other new standards, amended standards and issued interpretations which are effective for the current financial year. The adoption of these is considered to have no effect on the group's operating results or financial position.

Statutory accounts for the period ended 1 April 2013 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.

There were no intersegment revenues between the segments in the current period (2012: £281,000). In the prior year, these were eliminated on consolidation and were charged at current market prices. The group's revenue is derived entirely from the UK.

	26 weeks to 30 Sep 2013 £000	Restated 26 weeks to 1 Oct 2012 £000	Restated 52 weeks to 1 Apr 2013 £000
Revenue			
Managed houses	**102,256**	93,787	181,558
Tenanted houses	**5,746**	6,186	11,623
Segment revenue	**108,002**	99,973	193,181
Unallocated income	**179**	216	496
	108,181	100,189	193,677
Operating profit before exceptional items			
Managed houses	**25,250**	21,604	39,560
Tenanted houses	**1,854**	2,300	4,245
Segment operating profit before exceptional items	**27,104**	23,904	43,805
Unallocated expense	**(8,357)**	(7,615)	(14,870)
Operating exceptional items	**(998)**	156	(1,809)
Operating profit	**17,749**	16,445	27,126
Finance costs	**(2,805)**	(2,977)	(5,894)
Finance revenue	**150**	295	543
Other finance charge	**(198)**	(204)	(360)
Profit before tax	**14,896**	13,559	21,415

3. Exceptional items and adjusted profit before tax

	26 weeks to 30 Sep 2013 £000	Restated 26 weeks to 1 Oct 2012 £000	Restated 52 weeks to 1 Apr 2013 £000
Amounts included in operating profits:			
Acquisition costs	**(557)**	-	(217)
Capital gains tax on ESOP Trust allocated shares	**(441)**	(97)	(168)
Compensation to terminate leases	**-**	(102)	(679)
Profit on sales of properties	**-**	355	765
Movement on the revaluation of properties (note 8)	**-**	-	(958)
Restructuring costs	**-**	-	(552)
	(998)	156	(1,809)
Exceptional tax:			
Change in corporation tax rate (note 4)	**2,475**	788	802
Tax attributable to other adjustments	**(190)**	(17)	(228)
	2,285	771	574
Total exceptional items after tax	**1,287**	927	(1,235)

The acquisition costs relate to business combinations, being the freehold purchase of the Bull and Gate (Kentish Town), Clapham North, New Inn (Ealing) and the Royal Oak (Bethnal Green). They include legal and professional fees and stamp duty costs.

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

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

In the prior period, the profit on sales of properties relates to the difference between the cash, less selling costs, received from the sale of the Chequers (Cassington), Gorringe Park (Tooting), Marble Hill (Twickenham), Mitre (Richmond) and the Plough Inn (Lambeth) and the carrying value of the assets on the date of sale.

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 30 Sep 2013 £000	Restated 26 weeks to 1 Oct 2012 £000	Restated 52 weeks to 1 Apr 2013 £000
Profit before tax	**14,896**	13,559	21,415
Operating exceptional items	**998**	(156)	1,809
Adjusted profit before tax	**15,894**	13,403	23,224

4. Taxation

The taxation charge for the 26 weeks ended 30 September 2013 has been calculated by applying an estimate of the effective tax rate before exceptional items for the year ending 31 March 2014 at 23.48% (2012: 22.17% restated).

Tax charged in the group income statement	**26 weeks to 30 Sep 2013 £000**	Restated 26 weeks to 1 Oct 2012 £000	Restated 52 weeks to 1 Apr 2013 £000
Current tax			
Corporation tax expense	**3,984**	3,565	5,719
Adjustment in respect of current tax of prior periods	**-**	(156)	(250)
	3,984	3,409	5,469
Deferred tax			
Origination and reversal of temporary differences	**(89)**	(474)	637
Change in corporation tax rate	**(2,475)**	(788)	(802)
Adjustment in respect of deferred tax of prior periods	**-**	156	(238)
	(2,564)	(1,106)	(403)
Tax expense	**1,420**	2,303	5,066
Deferred tax in the group statement of comprehensive income			
Interest rate swaps	**923**	(561)	(395)
Retirement benefit schemes	**555**	531	(528)
Property revaluation and disposals	**(256)**	-	(378)
Change in corporation tax rate	**(4,362)**	(1,460)	(1,407)
Tax credit	**(3,140)**	(1,490)	(2,708)
Deferred tax in the group income statement			
Property revaluation and disposals	**(1,193)**	(744)	795
Fair value gains on acquisition of subsidiaries	**(923)**	(419)	(600)
Retirement benefit schemes	**(565)**	(99)	370
Capital allowances	**117**	-	(1,050)
Other tax provisions	**15**	156	63
Share based payments	**(15)**	-	(8)
Derecognition of deferred tax on the sale of subsidiary	**-**	-	27
Tax credit	**(2,564)**	(1,106)	(403)

The change in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and then from 21% to 20% (effective 1 April 2015) was substantively enacted on 2 July 2013. Accordingly, the deferred tax balances have been remeasured from 23% to 20%.

5. Earnings per ordinary share

(a) Earnings	**26 weeks to 30 Sep 2013**	Restated 26 weeks to 1 Oct 2012	Restated 52 weeks to 1 Apr 2013
	£000	£000	£000
Profit attributable to equity shareholders of the parent	**13,476**	11,254	16,292
Operating exceptional items	**998**	(156)	1,809
Tax attributable to above adjustments	**190**	17	228
Change in corporation tax rate	**(2,475)**	(788)	(802)
Adjusted earnings after tax	**12,189**	10,327	17,527

	Number	Number	Number
Basic weighted average number of ordinary shares in issue	**48,261,447**	48,224,000	48,224,000
Dilutive potential ordinary shares from outstanding employee share options	**52,140**	30,256	33,932
Diluted weighted average number of shares	**48,313,587**	48,254,256	48,257,932

(b) Basic earnings per share

	Pence	Pence	Pence
Basic	**27.92**	23.34	33.78
Effect of exceptional items and other adjustments listed above	**(2.66)**	(1.93)	2.56
Adjusted basic	**25.26**	21.41	36.34

(c) Diluted earnings per share

	Pence	Pence	Pence
Diluted	**27.89**	23.32	33.76
Effect of exceptional items and other adjustments listed above	**(2.66)**	(1.92)	2.56
Adjusted diluted	**25.23**	21.40	36.32

The basic earnings per share figure is calculated by dividing the net profit before the non controlling interest 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 52,140 (2012: 30,256) 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 30 Sep 2013 Pence	26 weeks to 1 Oct 2012 Pence	52 weeks to 1 Apr 2013 Pence
Final dividend (previous period)	**7.61**	7.25	7.25
Interim dividend (current period)	**-**	-	7.02
	7.61	7.25	14.27

The table above sets out dividends that have been paid. The interim dividend, in respect of the period ending 31 March 2014, of 7.45p per share at a cost of £3,597,570 is expected to be paid on 13 December 2013 to shareholders on the register at the close of business on 29 November 2013.

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

	26 weeks to 30 Sep 2013 £000	Restated 26 weeks to 1 Oct 2012 £000	Restated 52 weeks to 1 Apr 2013 £000
Profit before tax	**14,896**	13,559	21,415
Net finance cost	**2,655**	2,682	5,351
Other finance charge	**198**	204	360
Operating profit	**17,749**	16,445	27,126
Depreciation	**6,018**	5,733	11,684
Movement on the revaluation of property	**-**	-	958
Profit on sales of property	**-**	(355)	(765)
Difference between pension service cost and cash contributions paid	**(69)**	(112)	(2,007)
Share based payments	**51**	-	33
Provision for capital gains tax on ESOP Trust allocated shares	**441**	97	168
Movements in working capital			
Inventories	**(77)**	(197)	(113)
Receivables	**(420)**	(1,113)	184
Payables	**1,912**	(4,216)	(2,150)
Net cash generated from operations	**25,605**	16,282	35,118

Analysis of group net debt

	At 30 Sep 2013 £000	At 1 Oct 2012 £000	At 1 Apr 2013 £000
Cash	**2,291**	3,465	6,123
Loan capital and finance leases	**(115,785)**	(120,582)	(118,686)
Net debt	**(113,494)**	(117,117)	(112,563)

8. Property and equipment

The group's freehold and leasehold land, buildings, fixtures and fittings were valued at market value, as at 1 April 2013, by CBRE Ltd, independent chartered surveyors and by Andrew Cox MRICS, Director of Property and Tenancies and a Chartered Surveyor. As at 30 September 2013, management reassessed the valuation of the property estate and concluded that the current carrying value does not differ significantly from the fair value. Accordingly, no update has been made to the valuation of the property estate. The valuation is based on market observations and estimates on the selling price in an arms' length transaction, and includes estimates of future income levels and trading potential for each pub, as well as taking into account other factors such as location, tenure and current income levels.

9. Retirement benefit schemes

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

	26 weeks to 30 Sep 2013 £000	Restated 26 weeks to 1 Oct 2012 £000	Restated 52 weeks to 1 Apr 2013 £000
Changes in the present value of the retirement benefit schemes are as follows:			
Opening deficit	**(8,841)**	(8,290)	(8,290)
Current service cost	**(332)**	(354)	(712)
Contributions	**401**	466	2,719
Other finance charge	**(198)**	(204)	(360)
Remeasurement through other comprehensive income	**2,414**	2,213	(2,198)
Closing deficit	**(6,556)**	(6,169)	(8,841)