31 May 2007

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

PRELIMINARY RESULTS
FOR THE 52 WEEKS TO 31 MARCH 2007

Financial highlights

• Turnover	£126.6 million	Up 2.2%
• Turnover from retail operations	£113.3 million	Up 15.3%
• Adjusted profit before tax*	£12.0 million	Up 18.5%
• Adjusted EBITDA*	£24.2 million	Up 11.8%
• Profit before tax	£46.3 million	Up 517.2%
• Adjusted earnings per share*	75.36p	Up 28.3%
• Dividend per share (interim + recommended final)	37.35p	Up 50.0%

** Adjusted to exclude exceptional items*

Operational highlights

- Business transformed and benefits already showing through;
- Managed house sales up 18.1%, with like for like sales up 10.5%;
- Very strong H2 performance, with adjusted profits up 34.7%;
- £56.8 million invested in the business, including £36.4 million on the acquisition of 14 pubs;
- Preparations well advanced for the 1 July smoking ban, with 25% of managed pub estate already trading successfully as non-smoking pubs;
- Successful integration of Wells & Young's completed;
- Acquisition of the Courage Brands in January establishes Wells & Young's as one of the UK's leading cask ale producers.

Stephen Goodyear, Chief Executive, commented:

“Young’s has been transformed over the past year. The substantial changes we have made to the business, together with the improving returns we are getting from ongoing investment in our estate, are clearly evident in our underlying results, particularly in our second half trading.

“This momentum has continued into the current financial year. Trading in our pubs in the first eight weeks has been strong, with total sales for the period to 26 May up 25.1% and up 9.6% on an uninvested like for like basis.

“Whilst there are clearly near term risks for our industry, from the smoking ban and pressures on consumer spending, we believe we are well prepared to face these challenges. Young’s is a business in very good shape. We have a strong customer offering, a great team and a clear strategy for growth. We face the future with considerable confidence.”

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Photographs are available from Hogarth on request.

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

PRELIMINARY RESULTS
FOR THE 52 WEEKS TO 31 MARCH 2007

Operational review
After a first half of enormous change at Young's, which included our brewing joint venture with Charles Wells, the sale of the Ram Brewery and nearby office and warehouse space, our Wandsworth sites, and a significant investment in our retail estate, our second half trading and profits have prospered, demonstrating the benefits of these actions.

Turnover was up 2.2% for the year. Increased managed pubs sales and sales to our tenanted and leased estate have more than offset the loss of wholesale turnover since the brewery closed at the end of September. These sales were up 15.3% for the year, and up 17.9% in the second half alone. More importantly, adjusted profit in the second half, which excludes exceptional items, was up 34.7%, as the benefits of significant prior year investment in our estate and the improved supply terms from Wells & Young's were demonstrated.

The results for the year as a whole are, however, distorted by a number of exceptional operating and non-operating one-off items. Reported profit before tax was £46.3 million (2006: £7.5 million). This includes £46.6 million profit on the sale of the Wandsworth sites, as well as £9.0 million of exceptional costs connected with this deal and the formation of Wells & Young's. In addition, we completed the final phase of our restructuring just after the end of the year, with the relocation of our head office from the Ram Brewery to new, modern offices at Riverside House in Wandsworth. Excluding these adjustments, profit before exceptional items and tax was £12.0 million and adjusted earnings per share were 75.36p, up 18.5% and 28.3% respectively.

The foundations are now firmly in place for Young's continued success. We have a clear retail and property strategy which has already begun to deliver a step change in our financial performance. As a result the board, as it did at the half year, is proposing a 50% increase in the dividend. With a final dividend of 19.35p, the total dividend for the year will be 37.35p. If approved by shareholders, the final dividend will be paid on 12 July 2007 to shareholders on the register at the close of business on 15 June 2007.

Retail operations
With the transfer of our brewing and wholesaling activities to Wells & Young's, our focus is now firmly on our retail activities and these have performed very well in the year, particularly in the second half, primarily as a consequence of improved purchasing economies. Benefits from significant recent investments are also beginning to be achieved.

Our strong retail performance gives us great confidence in our strategy of positioning Young's at the premium end of the pub sector, differentiating our offer in a competitive market place by exploiting our excellent locations, customer focused designs, high service standards, quality food and market leading drinks. We have never been more proud of the overall quality of our estate.

Young's retail business comprised 216 pubs at the year end, of which 176 were freehold and 10 were leases with in excess of 45 years to run, with rents that in total amounted to less than £10,000. 114 of these pubs were operated as managed pubs and 102 as tenanted or leased ones.

<u>Managed pubs</u>
The managed division saw an increase in turnover of 18.1% to £98.6 million. Like for like sales increased 10.5% on a same outlet basis and 6.9% on an uninvested basis. Strong like for likes, transfers from tenanted, new developments and acquisitions all contributed to an increase of 17.6% in our managed division's operating profit.

The improvement in operating profit was most marked in the second half, with an increase of 29.4% year on year, as the full benefits of the drinks supply agreement with Wells & Young's took effect. This improvement was achieved despite the impact of closures during our refurbishment programme, large start up costs incurred on pubs acquired in the year, long lead times for our newly built riverside sites as well as ongoing increases in the minimum wage, utilities and business rates.

Operational improvements have played a significant part in driving our like for like sales and profits. New management initiatives have created a total service culture within our pubs, with imaginative and extensive training programs designed to drive increased trade. This has been delivered in tandem with the continued roll-out of our websites which currently allow targeted marketing benefits for nearly half of our estate. In March alone, our pub websites enjoyed over 120,000 hits, showing massive month on month growth.

Food has been a significant growth driver across our managed pubs, where our high quality, individual, non-branded offering has led to an overall growth in food sales of 33.0%. Food sales now account for 23.6% of total managed sales.

We have also seen a welcome return to growth from our hotel rooms reflecting the benefits of our room refurbishment programme which was completed in the year and which has targeted consumer demand for boutique hotels. This has coincided with a more buoyant tourist market in London. RevPar for all our hotel rooms (average room rate achieved multiplied by occupancy percentage) was up 10.3% at £40.14.

We invested a total of £38.4 million in our managed estate in the year, of which £7.5 million was on existing pubs and £30.9 million on acquisitions. Nine major developments were completed at the Windmill in Clapham, the Ship and the Alma in Wandsworth, the Duke's Head in Putney, the Bear in Esher, Horts in Bristol, the Dog & Fox in Wimbledon, the Lamb Tavern in Leadenhall Market and the Double Locks in Exeter. In addition three new Thames-side pubs – the Riverside in Vauxhall, the Waterside in Fulham and the Waterfront in Battersea – were also developed and opened. Our estate now includes 13 Thames-side pubs, the largest estate of this kind of any pub group.

We acquired and developed eight pubs in the year: the Grange in Ealing, the Prince Alfred in Maida Vale, the Fire Stables in Wimbledon, the Crown & Anchor near Chichester, the Grove in Camberwell, the Waterfront in Battersea, the Hollywood in Fulham and the Hand & Spear in Weybridge. Despite the impending smoking ban, pub prices remain at historically high levels, particularly in London. Whilst we are constantly looking to add to our managed estate, we will only invest in acquisitions that meet our strict investment criteria and produce returns in excess of our cost of capital.

The success of our refurbishments and developments is most encouraging. Over half of the managed estate has been refurbished in the last two years and this figure is planned to reach 80% by the end of this calendar year. The pubs that have now finished their first full year post refurbishment investment of £3.3 million are generating sales growth of 79.7% and a return on invested capital of 24.5%.

We believe we are well prepared for the smoking ban, which comes into effect on 1 July. In recent years, all development activity has included, where appropriate, investment in covered, well-lit and comfortable outside areas that will enable those customers who wish to smoke to be able to do so in comfort. Already we have introduced no smoking in about a quarter of the managed estate and these pubs are adjusting well. We plan to have all pubs non-smoking ahead of the 1 July ban and, whilst there may be some initial downside from the ban, we believe that the medium to long term effects will be positive for Young's, especially with our enhanced food offering and premium market positioning.

Tenanted and leased pubs

The tenanted and leased division's turnover was down 0.6% to £14.7 million but profit was up 7.3% and like for like profits increased by 4.6%. This improvement in profit was achieved despite the transfer during the year of some landmark tenanted pubs back into management (The Ship and the Alma in Wandsworth and the Duke of Cambridge in Battersea) and reflects the improved drink supply terms that benefited second half trading.

We invested £6.9 million in the tenanted and leased estate in the year, of which £5.5 million was on six new freehold pubs. We have created a new tenanted site from part of our Dog & Fox redevelopment, and disposed of one freehold and five leasehold pubs. Investments in the year have focused on helping our tenants prepare for the smoking ban, with all but nine of our tenancies having outside areas that can be used to provide an opportunity to smoke.

We believe the tenanted estate provides substantial opportunity for growth. We have put in place a five year investment programme for the tenanted estate in which the pubs will be refurbished to bring them into line with the quality standards present in our managed estate. In addition to investing alongside our tenants, we intend to increase markedly the number of long leases that we grant. Such a format inevitably attracts the best operators and should result in a significant improvement in sales and profits.

The following sites were all transferred from management: the Gardener's Arms in Wandsworth, the Pig and Whistle in Earlsfield, the King's Arms in Mitcham, the Princess of Wales in Merton, the Princess of Wales in Clapton and the Square Tavern in Euston.

Wells & Young's Brewing Company

Wells & Young's commenced trading at the beginning of October. This marked the culmination of many months of hard work on the integration of the two businesses, including the successful matching of Young's beers achieved through the dedication and expertise of our respective brewing teams.

The combination of Charles Wells and Young's brewing interests has created a substantial new beer company, with a broad portfolio of specialty cask ale and lager brands, led by Young's Bitter (standard) and Wells Bombardier (premium).

This portfolio was further strengthened in January with the acquisition of the Courage beer brands (Courage Best Bitter, Directors, Courage Mild and Courage Light Ale) from Scottish & Newcastle. These brands have strong consumer recognition which we believe will prosper with Wells & Young's and will additionally have a dramatic impact on its brewing capacity utilisation and allow the business to focus on its core own brands.

From 29 September 2006 (date of investment) to 31 March 2007, Wells & Young's, which is treated as an associated undertaking in our financial statements, had sales of £89.5 million and through our 40% share, Young's benefited from pre-exceptional profits of £0.1M and EBITDA of £1.0M after adjusting for £0.2 million of exceptional costs. The exceptional items reflect the restructuring costs incurred as the two businesses were put together, as well as the costs associated with the purchase of the Courage brands. Following this acquisition Wells & Young's is now one of the leading cask ale brewers in the United Kingdom and the range and quality of beers in our pubs has never been better. It is however a business in transition and we anticipate it making a growing contribution to our performance in the years ahead.

Investment and finance

During the course of the year we invested a total of £56.8 million. This included £45.3 million on new and existing pubs and £10.0 million as part of our investment in Wells & Young's. The investment has been funded by new short dated bank facilities and a £4.0 million improvement in working capital, largely as a result of the brewery merger. Net debt at the end of the year was £101.2 million, and gearing was 50.7%. Cash receipts from sale of the Wandsworth sites fall due within the new financial year, the first £10.3 million in July with the remaining £58.7 million in January. These receipts along with the improved financial performance provide the opportunity for further investment in the business or capital returns to shareholders as appropriate.

The Ram Brewery site will be vacated during the current financial year. Its ongoing decommissioning will continue until handover in January 2008. The impact of this is expected to be neutral to Young's over the period as the costs are expected to be offset by receipts from the sale of scrap, reclaimed materials and any other items of interest that arise from this work.

In November we commissioned Fleurets Chartered Surveyors to revalue our entire estate. The market value of the estate was determined as £399 million, an uplift of £174 million on the then book value. There has been some estate activity since then both in terms of investment and disposal. The valuation has not been incorporated into the financial statements; if it had, allowing for the recent estate activity, the net assets per share would have increased by £14.88 per share to £31.96. This valuation was made in accordance with the RICS Appraisal and Valuation Standards (Red Book) and represented the aggregate sum of the property assets. It was not a portfolio valuation and the value of the estate as a single entity would have been significantly higher.

Shortly after the year end we proposed to stockholders the early redemption of our 9.5% debenture stock due 2018 and gave notice of our intention to accept certain offers for this stock. On 16 May 2007 stockholders approved the proposal and the stock was redeemed on 21 May 2007. This debenture was expensive in terms of coupon and inflexible with regards certain covenants. This is a non-adjusting post balance sheet event and will result in a £6.9 million exceptional loss in the new financial year. In connection with this we negotiated a new £40.0 million revolving credit facility expiring on 16 May 2008.

At the year end £39.2 million (38.7%) of net debt was at fixed interest rates, of which £29.1 million related to the debenture referred to above. The board recognises there is always an interest rate risk attached to variable rate borrowings but having taken into account the proceeds due within the next twelve months from the unconditional sale of the Wandsworth sites to Minerva, it believes this risk is not inappropriate.

Board changes

The year also saw a number of changes to the board, most significantly the sad death of our chairman, John Young. John was a strong supporter of the changes made to the business over the year, which he believed were in the best interests of shareholders whilst preserving the unique heritage of our beers. It was particularly poignant that his death should occur in the week that the last barrels of beer were being brewed at the Ram Brewery and the first were being brewed by Wells & Young's in Bedford. John was succeeded as chairman by Christopher Sandland, a long-serving director of Young's and the first non-family chairman in the company's history.

Other changes included the appointment in July of Nicholas Bryan, CEO and co-founder of Innserve plc, as a non-executive director. Nick has a wealth of expertise in the hospitality, property and brewing sectors gained through various senior positions in the industry, including managing director of Courage and a non-executive director of Inntrepreneur.

We also said farewell and thank you to two long-serving family directors, Brian Palmer and James Young, who both retired from the board at the end of our financial year. Brian and James made enormous contributions to the company over their many years of service and we wish them well for a long and happy retirement.

Strategy
Young’s is a focused pubs and property business; operating managed, tenanted and leased pubs in London and Southern England. Our strategy, as set out in the interim results in November, is as follows.

Active operational management
We seek to position the Young’s estate at the premium end of the pub market, focusing on the style, quality and individuality of each outlet. We measure ourselves against the best individual pub and restaurant operators in the locations where we trade, with a strong emphasis on service and training and by maintaining a high level of investment in the estate.

By investing in high quality pub design, ambience, food, service and ensuring a premium drinks offering, we have an operational strategy to drive performance. Through this investment, further innovation and the differentiation of the Young’s brand, we plan to deliver both absolute and like for like sales growth. Our premium strategy aims to attract more customers and improve gross margins.

Active estate management
Organic growth will be augmented by the active management of our estate, including acquisitions of individual pubs or pub packages to build scale to the business and maximise value for shareholders. We have in place an operating infrastructure and management team capable of managing a significantly larger pub estate and we are actively exploring acquisition opportunities to deliver this.

We will monitor the balance of the estate between managed, tenanted and leased to ensure that we are adopting the most beneficial format and we will maintain our programme of investments in high returning projects across the existing pub estate. Where appropriate, we will continue to make disposals. Our overriding property objective is to maximise returns, whilst maintaining and improving the overall quality of the Young’s estate.

We will target pubs that meet our strict investment criteria and produce returns in excess of our cost of capital. Acquisitions will be focused on our existing trading areas of London and Southern England. In line with the board’s stated policy, investment opportunities will be measured against the benefits of returning capital to shareholders.

Outlook and current trading
The benefits of our strategy are evidenced by our trading performance. Trading in our pubs in the first eight weeks of the current financial year has been strong, building on the momentum achieved in the second half and benefiting from good weather in April. Total sales for the period to 26 May were up 25.1% and up 9.6% on an uninvested like for like basis.

Whilst there are clearly near term risks for our industry, from the smoking ban and pressures on consumer spending, we believe we are well prepared to face these challenges. In addition to continuing like for like growth and positive operational performance, our financial results in the coming year will benefit from a full year effect of improved drink supply terms, first full year returns on acquisitions and major developments in 2007, reduced head office costs, the initial interest benefit from the cash receipts of the brewery sale and an improving contribution from Wells & Young’s.

Young’s is a business in very good shape. We have a strong customer offering, a great team and a clear strategy for growth. We face the future with considerable confidence.

YOUNG & CO.'S BREWERY, P.L.C.
Audited consolidated profit and loss account
For the 52 weeks ended 31 March 2007

	2007	Restated 2006
	£000	£000
Turnover	**126,636**	123,873
Net operating costs before exceptional items	**(111,262)**	(110,381)
Operating profit before exceptional items	**15,374**	13,492
Operating exceptional items	**(709)**	(2,098)
Operating profit	**14,665**	11,394
Share of operating profit of associated undertaking	**336**	-
Non-operating exceptional items		
Costs of fundamental reorganisation	**(9,016)**	(476)
Profit/(loss) on sale of fixed assets	**46,164**	(70)
Profit on ordinary activities before interest	**52,149**	10,848
Net interest charge	**(5,418)**	(3,873)
Net interest charge - group	**(5,165)**	(3,873)
Net interest charge - associated undertaking	**(253)**	-
Discount of site proceeds	**(2,161)**	-
Other finance income	**1,731**	527
Profit on ordinary activities before tax	**46,301**	7,502
Tax on profit on ordinary activities	**(890)**	(2,958)
Profit attributable to ordinary shareholders	**45,411**	4,544
Ordinary dividends on equity shares	**(3,589)**	(2,808)
Retained profit for the financial period	**41,822**	1,736
	Pence	Pence
Basic earnings per 50p ordinary share	**391.29**	39.39
Effect of exceptional items	**(315.93)**	19.33
Adjusted earnings per 50p ordinary share	**75.36**	58.72
Diluted basic earnings per 50p share	**383.26**	38.43

The results above are all in respect of continuing operations of the group.

The comparative figures have been restated for the effects of the adoption of FRS 20 Share-based payment.

The comparative figures included as site review and transaction costs in operating exceptional items in the prior year have been reclassified as costs of fundamental reorganisation in non-operating exceptional items.

YOUNG & CO.'S BREWERY, P.L.C.
Audited consolidated balance sheet
At 31 March 2007

	2007 £000	Restated 2006 £000
Fixed assets		
Tangible fixed assets	**232,286**	217,526
Investment in associated undertaking	**22,458**	-
	254,744	217,526
Current assets and liabilities		
Stocks	**1,431**	4,193
Debtors	**71,536**	6,839
Cash	**999**	-
	73,966	11,032
Short term borrowings	**(58,184)**	(283)
Other creditors	**(23,383)**	(19,219)
Creditors: amounts falling due within one year	**(81,567)**	(19,502)
Net current liabilities	**(7,601)**	(8,470)
Total assets less current liabilities	**247,143**	209,056
Creditors: amounts falling due after more than one year	**(43,979)**	(54,140)
Provisions for liabilities and charges	**(4,295)**	(8,122)
Net assets excluding retirement benefit asset/(liability)	**198,869**	146,794
Retirement benefit asset/(liability)	**669**	(4,129)
Net assets	**199,538**	142,665
Capital and reserves		
Called-up share capital	**6,028**	6,028
Share premium account	**1,274**	1,296
Revaluation reserve	**77,574**	87,139
Capital redemption reserve	**1,808**	1,808
Investment in own shares	**(2,123)**	(2,861)
Share-based payments reserve	**197**	107
Profit and loss account	**114,780**	49,148
Equity shareholders' funds	**199,538**	142,665

The comparative figures have been restated for the effects of the adoption of FRS 20 Share-based payment.

YOUNG & CO.'S BREWERY, P.L.C.
Audited consolidated cash flow statement
For the 52 weeks ended 31 March 2007

	2007	Restated 2006
	£000	£000
Net cash inflow from operating activities	**28,356**	22,245
Interest received	**3**	8
Interest paid	**(5,622)**	(4,021)
Returns on investments and servicing of finance	**(5,619)**	(4,013)
Corporation tax paid	**(2,706)**	(3,088)
Purchase of tangible fixed assets	**(46,755)**	(13,451)
Sales of tangible fixed assets	**468**	123
Cost of fundamental reorganisation	**(6,896)**	(476)
Capital expenditure and financial investment	**(53,183)**	(13,804)
Investment in associated undertaking	**(10,000)**	-
Acquisitions and disposals	**(10,000)**	-
Equity dividends paid	**(3,589)**	(2,808)
Cash outflow before financing	**(46,741)**	(1,468)
Increase in loan capital	**47,851**	362
Decrease in lease finance	**(17)**	(16)
Financing	**47,834**	346
Increase/(decrease) in cash in period	**1,093**	(1,122)

The comparative figures included as site review and transaction costs in operating exceptional items in the prior year have been reclassified as costs of fundamental reorganisation in non-operating exceptional items.

YOUNG & CO.'S BREWERY, P.L.C.
Audited consolidated reconciliation of net cash flow to movement in net debt
For the 52 weeks ended 31 March 2007

	2007	Restated 2006
	£000	£000
Increase/(decrease) in cash in period	**1,093**	(1,122)
Increase in debt in period	**(47,834)**	(346)
Increase in net debt in period	**(46,741)**	(1,468)
Opening net debt	**(54,423)**	(52,955)
Closing net debt	**(101,164)**	(54,423)

YOUNG & CO.'S BREWERY, P.L.C.
Audited consolidated statement of total recognised gains and losses
For the 52 weeks ended 31 March 2007

	2007	Restated 2006
	£000	£000
Profit for the financial period	**45,411**	4,544
Actuarial gain on retirement benefit schemes	**3,539**	5,750
Deferred tax on actuarial gain	**(1,062)**	(1,725)
Gain on exchange of assets for interest in associated undertaking	**11,205**	-
Total recognised gains for the financial period	**59,093**	8,569
Prior year adjustment	**(107)**	-
Total gains recognised since last annual report	**58,986**	8,569

YOUNG & CO.'S BREWERY, P.L.C.
Audited consolidated reconciliation of movements in shareholders' funds
For the 52 weeks ended 31 March 2007

	2007	Restated 2006
	£000	£000
Profit attributable to ordinary shareholders	**45,411**	4,544
Dividends	**(3,589)**	(2,808)
Movement in own shares: Employee benefit trust allocations	**1,279**	406
Share-based payment	**90**	107
Actuarial gain on retirement benefit schemes, net of deferred tax	**2,477**	4,025
Gain on exchange of assets for interest in associated undertaking	**11,205**	-
Net addition to shareholders' funds	**56,873**	6,274
Opening shareholders' funds	**142,665**	136,391
Closing shareholders' funds	**199,538**	142,665

The comparative figures have been restated for the effects of the adoption of FRS 20 Share-based payment.

Notes to the accounts

(1) Accounts

This preliminary announcement, which was approved by the board on 30 May 2007, has been prepared using the same accounting policies as set out in the previous annual accounts with the exception of the adoption of FRS 20 Share-based payment.

The above financial information does not amount to full accounts within the meaning of S.240 of the Companies Act 1985. Full accounts for the period ended 1 April 2006 have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain any statement under S.237 of the Companies Act 1985.

(2)

a) Operating exceptional items

	2007 £000	Restated 2006 £000
Capital gains tax on ESOP allocated shares	**(509)**	(708)
Property valuation costs	**(200)**	-
Transfer of company's share listing to AIM	**-**	(386)
Lease compensation payments to tenants	**-**	(760)
Other employee related matters	**-**	(244)
	(709)	(2,098)

(b) Non-operating exceptional items

	2007 £000	Restated 2006 £000
Proceeds from Wandsworth sites	**69,000**	-
Less: Net book value of sites	**(10,849)**	-
Assets held on sites	**(11,543)**	-
Gain on disposal of Wandsworth sites	**46,608**	-
Loss on sales of properties and investments	**(444)**	(70)
	46,164	(70)
Cost of fundamental reorganisation	**(9,016)**	(476)
	37,148	(546)

The tax credit on exceptional items was £2,387,000 (2006: £413,000)

The cost of fundamental reorganisation comprises redundancy costs, decommissioning costs and professional charges relating to the sale of the Wandsworth sites and merger of brewing interests with Charles Wells Ltd.

(3) Taxation

Corporation tax has been provided on the profits for the 52 weeks to 31 March 2007 at 30% (2006: 30%).

(4) Earnings per share

	2007 £000	Restated 2006 £000
Profit attributable to ordinary shareholders	**45,411**	4,544
Operating exceptional items, after adjusting for tax (note 5(a))	**709**	2,157
Non-operating exceptional items, after adjusting for tax (note 5(b))	**(39,535)**	74
Discount of site proceeds	**2,161**	-
Adjusted earnings after tax	**8,746**	6,775

	Number	Number
Weighted average number of ordinary shares in issue	**11,605,450**	11,536,993
Add: the notional exercise of the weighted average number of ordinary shares during the year	**243,158**	287,861
Diluted weighted average number of ordinary shares in issue	**11,848,608**	11,824,854

	Pence	Pence
Basic earnings per 50p ordinary share	**391.29**	39.39
Effect of exceptional items and discount of site proceeds	**(315.93)**	19.33
Adjusted earnings per 50p ordinary share	**75.36**	58.72
Diluted basic earnings per 50p share	**383.26**	38.43

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

An adjusted earnings per share figure is presented to eliminate the effect of the exceptional items on basic earnings per share.

(5) Ordinary dividends on equity shares

	2007 Pence	2006 Pence
Final dividend (previous year)	**12.90**	12.25
Interim dividend (current year)	**18.00**	12.00
	30.90	24.25

The trustee of the Ram Brewery Trust has waived its rights to dividends on shares held within the Ram Brewery Trust General Fund on behalf of the executive share option schemes.

(6) Net cash inflow from operating activities

	2007 £000	Restated 2006 £000
Operating profit	**14,665**	11,394
Depreciation	**7,810**	8,145
Employee benefit trust share allocations	**1,279**	406
Provision for capital gains tax on ESOP allocated shares	**509**	708
Share-based payment	**90**	107
Movements in working capital		
Stocks	**2,716**	(175)
Debtors	**2,485**	(592)
Creditors	**(1,198)**	2,252
Net cash inflow from operating activities	**28,356**	22,245

Notes to the accounts continued

(7) Changes in accounting policies

The company has adopted FRS 20 Share-based payment accounting standard during the year which requires recognition of an accounting charge for share option plans. The charge to the profit and loss account for the year for FRS 20 is £90,000 (2006: £107,000). A corresponding entry has been made in the share-based payment reserve in equity shareholders' funds to reflect this entry. Comparative figures have been restated for the effects of this change.