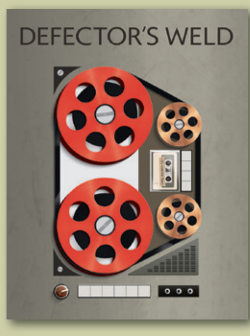

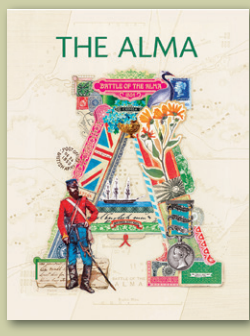

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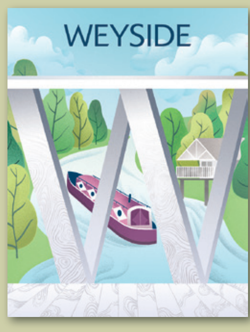
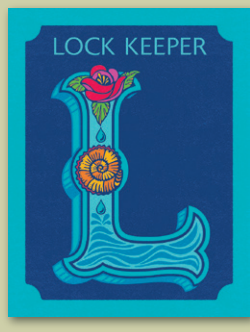
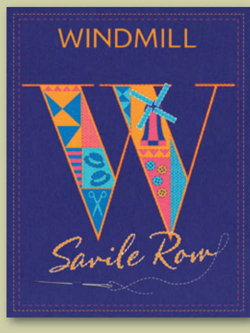
YOUNG'S

INTERIM REPORT

FOR THE 26 WEEKS ENDED
26 SEPTEMBER 2016







CONTENTS

FINANCIAL HIGHLIGHTS	1
INTERIM STATEMENT	2
INDEPENDENT REVIEW REPORT	7
GROUP INCOME STATEMENT	8
GROUP STATEMENT OF COMPREHENSIVE INCOME	9
GROUP BALANCE SHEET	10
GROUP STATEMENT OF CHANGES IN EQUITY	11
GROUP STATEMENT OF CASH FLOW	12
NOTES TO THE FINANCIAL STATEMENTS	13
SENIOR PERSONNEL, COMMITTEES AND ADVISERS	IBC
REGISTERED DETAILS	IBC

FINANCIAL HIGHLIGHTS

For the 26 weeks ended 26 September 2016

	2016 £m	2015 £m	% change
Revenue	136.0	126.3	+7.7
Adjusted operating profit[(1)(2)]	25.2	23.4	+7.7
Operating profit[(2)]	24.9	22.6	+10.2
Adjusted profit before tax[(1)(2)]	22.4	20.6	+8.7
Profit before tax[(2)]	22.1	19.8	+11.6
Adjusted basic earnings per share[(1)]	36.30p	33.59p	+8.1
Basic earnings per share	38.35p	32.76p	+17.1
Interim dividend per share	8.88p	8.38p	+6.0

All of the results above are from continuing operations.

(1) Reference to an "adjusted" item means that item has been adjusted to exclude exceptional items (see note 3).

(2) The prior period comparatives have been restated due to a non-cash adjustment in respect of the treatment of short leasehold premiums (see note 1).

I am extremely pleased to announce another six months of strong trading.

Total revenue was up 7.7% to £136.0 million, driven again by a strong managed house performance, with like-for-like sales up 5.4%. We have now produced like-for-like growth of over 5% for five consecutive summers and it is to the great credit of our people that Young's continues to deliver such strong and consistent results. This sales performance, combined with a maintained adjusted operating margin of 18.5%, has resulted in our adjusted profit before tax increasing by 8.7% to £22.4 million. Profit before tax including exceptional items was up 11.6% to £22.1 million.

I would like to thank both Steve Goodyear and Peter Whitehead for their years of service to Young's. Steve's retirement was announced just before the end of the full year and he stepped down as CEO at the AGM. He is remaining on the board as a Non-Executive Director so we can benefit from his extensive experience. Peter Whitehead decided to stand down as Finance Director in September after 19 highly successful years in the role and we wish him well for the future.

I am delighted that Steve Robinson has joined the board as Chief Financial Officer, a fine example of our organic succession planning. I am also very pleased that Tracy Read, has been promoted to the board as our HR Director; this is a move that recognises the importance we place on attracting and developing the right talent within Young's.

On the operational side, there is no plan to change our winning strategy that has delivered these consistent industry-leading results. We will continue to invest in our pubs and our people, and search for acquisition opportunities that complement our existing estate and expand our reach, while continuing to accelerate earnings growth and, most importantly, deliver value for our shareholders. This value creation is reflected in an increase in our interim adjusted earnings per share, up to 36.30 pence, an increase of 8.1% on last year.

We are also very proud of our progressive dividend policy. The board has therefore decided to raise the interim dividend, for the 20th consecutive year, by 6.0% to 8.88 pence per share. The dividend is expected to be paid on 9 December 2016 to shareholders on the register at the close of business on 25 November 2016.

BUSINESS REVIEW

Managed houses

Revenue in our managed estate was up 7.6% in total and up 5.4% on a like-for-like basis. This performance has resulted in growth in adjusted operating profit of 5.7%. This is despite tough comparatives and the impact of the introduction of the National Living Wage, which added c. £1.0 million in wage costs over the period and is expected to add c. £2.0 million for the full financial year, in line with previous guidance.

Both Young's and Geronimo delivered strong performances albeit against varying comparatives. In the Young's managed house estate it was pleasing to see the continuation of five years of like-for-like growth, this time up 6.0%. Geronimo has returned to form, up 3.5% on a like-for-like basis, after a 1.4% decline in the first half of last year. This is testament to our staff and to the subtle improvements we have made to our premium offer. Total sales in Young's managed houses were up 6.7% and up 10.7% in our smaller Geronimo estate, influenced by the high number of new sites opened during the prior year.

Drink sales were up 8.4% in total and 6.4% on a like-for-like basis. Wine sales have grown by 9.1%, in part due to the roll-out of a new range of best in class wines in the Spring, following the switch to a new supplier, Berkmann Wine Cellars. We were delighted to celebrate the Queen's 90th Birthday in June with a weekend of birthday celebrations in our London pubs and a Young's limited edition beer, "All Ale the Queen", brewed specially to mark the occasion.

Food sales were up 6.9% in total and 4.0% on a like-for-like basis, with the benefits of our recently refreshed menus being felt across the estate. In the past few years, brunch has entered into the British psyche and we have embraced this with the launch of our new brunch offering. Congregating in one of our pubs, ordering a round of Bloody Marys and spending the next couple of hours catching up with friends or the newspapers is surely one of life's greatest pleasures. To us, brunch o'clock, the idea of a leisurely, social and casual indulgent breakfast, is what weekends are all about.

Within our hotels business we boosted our room stock, now 487 rooms, by opening 12 individually designed boutique bedrooms at the Hand and Spear (Weybridge) at the start of the period. Half of our rooms are now of boutique standard. Occupancy across the estate was up 1.3% to 78.6%, with RevPAR maintained at £63.80, compared with tough comparatives created by last year's Rugby World Cup.

We continue to develop new and innovative ways to engage with our loyal customers and to attract new people to our pubs. We have just launched our exciting new app – Young's On Tap – available to download for free from the App Store. By enabling customers to find a pub, book a table, choose the music, pay and split the bill, discover what's on in your local, Young's On Tap seeks to improve the overall experience through an intuitive digital platform.

We acquired two freehold properties in the period. The Woolpack, a pub full of old world charm and with a large garden nestled in fashionable Bermondsey, started within our tenanted estate and transferred to managed houses just after the period end. The Blue Boar in Chipping Norton, the gateway to the Cotswolds, continues our expansion into market towns. It recently completed its redevelopment and provides the perfect destination for locals and tourists alike to relax with their favourite drink. Within the existing estate we continue to invest and have refurbished the Brook Green (Hammersmith), Bear (Oxshott), Fox & Anchor (Smithfield Market), Greyhound (Carshalton), Hammersmith Ram, Hand and Spear (Weybridge), Hare and Hounds (Sheen), Trinity Arms (Brixton) and the Victoria (Surbiton). We also continued the roll-out of our innovative BurgerShack brand with a further nine added to existing pubs and the invention of "Shack-in-a-Box" for pubs with smaller outdoor space. We now operate 21 BurgerShacks across our Young's and Geronimo pubs.

In total, we invested £14.8 million in our managed estate, comprising £1.7 million in new pubs and £13.1 million in our primary like-for-like business. We now operate 172 managed pubs, 132 as Young's (including 22 hotels) and 40 under the Geronimo brand.

We are strong believers in providing our team members with the best possible training to enable them to have a successful career within Young's. Our Management Academy is now in its third rotation – it provides us with a pool of highly talented General Managers and encourages a progressive culture that raises customer service standards and improves levels of retention. It is people who make a pub, with our staff having the biggest impact on our customers' experience. We are therefore both proud of and grateful for the energetic, motivated and cheerful approach demonstrated by our team.

Our decision to extend the initial increase of the National Living Wage so that it applied to all staff aged 18 or over has given us an advantage in attracting top talent in a highly competitive market. Whilst mindful that this will require productivity gains, it is currently our intention to maintain an enhanced pay level compared with the statutory minimum wage for all team members aged 18 to 24 years.

This year, we celebrated our 185th birthday in style with celebrations across our entire estate. The famous Young's dray horses kicked off the festivities in our City pubs, with celebrity chef Eric Lanlard creating a magnificent birthday cake for the Ship (Wandsworth), and we bought the first round, rewarding our loyal customers with a free pint.

The Ram Pub Company

The partnerships formed under the tenanted model continue to harvest profitable returns for both parties. Revenue was up 9.2% in total and up 3.8% on a like-for-like basis, with particularly pleasing results from the decision to transfer the Lord Palmerston (Tufnell Park) and the Rose and Crown (Farnborough) from managed houses in the prior period. Our extensive experience in the pub industry, premium product range and wide-ranging training programmes provide current and prospective licensees with the tools and support to forge successful businesses. In the past six months our new wine deal has given our tenant partners and their customers a greater variety of best in class wines.

During the period we benefitted from the acquisition of the Woolpack (Bermondsey) although this has now transferred to managed houses. We sold the Lord Napier (Thornton Heath) in May. At the period end, the Ram Pub Company operated 80 tenanted pubs. Investment levels in our existing tenanted estate have been maintained, including major developments at the Malt Shovel (Dartford), Pig and Whistle (Wandsworth), Robin Hood (Sutton) and the Ship (East Grinstead).

Investment and finance

The strong foundation of our robust balance sheet and healthy operating cash generation underpins our strategy of maximising opportunities both internally and externally. Operating cash flow was up 5.8%, driven mostly by EBITDA growth. This in turn has allowed us to invest £20.4 million in the past six months while still decreasing our net debt by £2.9 million to £127.3 million. In comparison to our 28 March 2016 year end position, net debt as a multiple of the last twelve months' adjusted EBITDA has fallen from 2.23 times to 2.06 times and gearing now stands at 28.0% (March 2016: 28.8%).

During the period we changed our approach to recording our short leasehold properties (15% of our total number of pubs). In the prior period, this resulted in a non-cash decrease in the carrying value of our property and equipment and an increase in lease premiums, split between non-current and current assets (see note 1).

The uncertainty and volatility in the economic climate in both the short and long term has caused a decrease in corporate bond yields, the rate at which our pension liabilities are discounted. Like many UK companies, this has resulted in our retirement benefit deficit increasing on an accounting basis by £17.1 million to £23.4 million. Ensuring that the pension scheme is adequately funded remains a priority and, as in previous years, we are committed to making supplementary cash contributions over the coming years.

We are very proud to announce the 20th consecutive increase in our interim dividend, a milestone that few companies have achieved in recent times, and one that underlines our consistent ability to generate shareholder value over the long-term.

Current trading and outlook

In the last 13 weeks total sales were up by 4.8% and 3.0% on a like-for-like basis. Over this period and due to our successful planning and preparation, we were up against the exceptional results we delivered for last Autumn's Rugby World Cup.

Our pipeline of acquisitions is looking strong. Since the period end, we have completed the acquisition of the Station Tavern (Cambridge) and exchanged contracts on the Riverstation (Bristol). We are also working in partnership with Berkeley Homes to create two new pubs at their Woodberry and Kidbrooke developments. Additionally, we have recently completed the transformational development of the White Bear (Kennington), two years after its acquisition.

Challenges persist. The Government's recently announced revaluation of rateable values will see c. £1.8 million added to our annual cost base, and no-one knows what the longer-term effect of the Brexit vote will be. However, thanks to our consistent strategy we have traded successfully through challenging times in the past and we are confident that we will do so again. We have a proven strategy and an outstanding and well-invested estate, we also have the financial and management capacity to grow and there is real energy in our people across the business to take Young's forward. We therefore feel confident about the future.

Patrick Dardis
Chief Executive
9 November 2016

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 26 September 2016 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 26 September 2016 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
9 November 2016

GROUP INCOME STATEMENT

For the 26 weeks ended 26 September 2016

	Notes	**Unaudited 26 weeks to 26 Sep 2016 £m**	Restated Unaudited 26 weeks to 28 Sep 2015 £m	*Restated Audited 52 weeks to 28 Mar 2016 £m*
Revenue		**136.0**	126.3	*245.9*
Operating costs before exceptional items		**(110.8)**	(102.9)	*(204.7)*
Operating profit before exceptional items		**25.2**	23.4	*41.2*
Operating exceptional items	3	**(0.3)**	(0.8)	*(2.8)*
Operating profit		**24.9**	22.6	*38.4*
Finance costs		**(2.7)**	(2.6)	*(5.3)*
Other finance charge	9	**(0.1)**	(0.2)	*(0.3)*
Profit before tax		**22.1**	19.8	*32.8*
Taxation	4	**(3.4)**	(3.9)	*(6.2)*
Profit for the period attributable to shareholders of the parent company		**18.7**	15.9	*26.6*

		Pence	Pence	*Pence*
Earnings per 12.5p ordinary share				
Basic	5	**38.35**	32.76	*54.73*
Diluted	5	**38.33**	32.74	*54.70*

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

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the 26 weeks ended 26 September 2016

	Notes	**Unaudited 26 weeks to 26 Sep 2016 £m**	Restated Unaudited 26 weeks to 28 Sep 2015 £m	*Restated Audited 52 weeks to 28 Mar 2016 £m*
Profit for the period		**18.7**	15.9	*26.6*
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Unrealised gain on revaluation of property	8	**–**	–	*20.0*
Remeasurement of retirement benefit schemes	9	**(17.8)**	2.3	*4.2*
Tax on above components of other comprehensive income	4	**5.4**	(0.2)	*0.5*
Items that will be reclassified subsequently to profit or loss:				
Fair value movement of interest rate swaps		**(1.9)**	1.2	*–*
Tax on fair value movement of interest rate swaps	4	**0.2**	(0.2)	*(0.2)*
		(14.1)	3.1	*24.5*
Total comprehensive income for shareholders of the parent company		**4.6**	19.0	*51.1*

GROUP BALANCE SHEET

At 26 September 2016

	Notes	**Unaudited At 26 Sep 2016 £m**	Restated Unaudited At 28 Sep 2015 £m	*Restated Audited At 28 Mar 2016 £m*
Non current assets				
Goodwill		**20.6**	20.6	*20.6*
Property and equipment	8	**660.2**	617.2	*649.8*
Deferred tax assets		**9.1**	7.1	*6.2*
Lease premiums		**7.9**	6.8	*8.2*
		697.8	651.7	*684.8*
Current assets				
Inventories		**2.8**	2.9	*2.6*
Trade and other receivables		**6.0**	6.2	*6.4*
Lease premiums		**0.6**	0.5	*0.5*
Cash		**2.3**	5.8	*13.2*
		11.7	15.4	*22.7*
Total assets		**709.5**	667.1	*707.5*
Current liabilities				
Derivative financial instruments		**(3.4)**	(2.5)	*(3.1)*
Trade and other payables		**(33.4)**	(31.5)	*(35.5)*
Income tax payable		**(4.9)**	(4.7)	*(3.2)*
		(41.7)	(38.7)	*(41.8)*
Non current liabilities				
Borrowings		**(129.6)**	(131.8)	*(143.4)*
Deferred tax liabilities		**(49.3)**	(55.4)	*(53.5)*
Retirement benefit schemes	9	**(23.4)**	(8.6)	*(6.3)*
Derivative financial instruments		**(10.5)**	(8.4)	*(9.0)*
Provisions		**(1.1)**	–	*(1.0)*
		(213.9)	(204.2)	*(213.2)*
Total liabilities		**(255.6)**	(242.9)	*(255.0)*
Net assets		**453.9**	424.2	*452.5*
Capital and reserves				
Share capital	10	**6.1**	6.1	*6.1*
Share premium	10	**5.1**	4.1	*4.1*
Capital redemption reserve		**1.8**	1.8	*1.8*
Hedging reserve		**(11.5)**	(8.6)	*(9.8)*
Revaluation reserve		**227.2**	202.9	*224.6*
Retained earnings		**225.2**	217.9	*225.7*
Total equity		**453.9**	424.2	*452.5*

GROUP STATEMENT OF CHANGES IN EQUITY

For the 26 weeks ended 26 September 2016

	Notes	Share capital and premium £m	Capital redemption reserve £m	Hedging reserve £m	Revaluation reserve £m	Retained earnings £m	Total equity £m
At 31 March 2015		**8.8**	**1.8**	**(9.6)**	**209.6**	**196.4**	**407.0**
Prior period adjustment	1	–	–	–	(6.4)	7.0	0.6
At 31 March 2015 restated		**8.8**	**1.8**	**(9.6)**	**203.2**	**203.4**	**407.6**
Total comprehensive income							
Profit for the 52 week period*		–	–	–	–	26.6	26.6
Other comprehensive income							
Unrealised gain on revaluation of property*	8	–	–	–	20.0	–	20.0
Remeasurement of retirement benefit schemes	9	–	–	–	–	4.2	4.2
Fair value movement of interest rate swaps		–	–	–	–	–	–
Tax on above components of other comprehensive income*	4	–	–	(0.2)	1.9	(1.4)	0.3
		–	–	(0.2)	21.9	2.8	24.5
Total comprehensive income restated		–	–	(0.2)	21.9	29.4	51.1
Transactions with owners recorded directly in equity							
Issued equity	10	1.4	–	–	–	–	1.4
Dividends paid on equity shares		–	–	–	–	(8.2)	(8.2)
Revaluation reserve realised on disposal of properties		–	–	–	(0.5)	0.5	–
Share based payments		–	–	–	–	0.5	0.5
Tax on share based payments		–	–	–	–	0.1	0.1
		1.4	–	–	(0.5)	(7.1)	(6.2)
At 28 March 2016 restated		**10.2**	**1.8**	**(9.8)**	**224.6**	**225.7**	**452.5**
Total comprehensive income							
Profit for the 26 week period		–	–	–	–	18.7	18.7
Other comprehensive income							
Unrealised gain on revaluation of property	8	–	–	–	–	–	–
Remeasurement of retirement benefit schemes	9	–	–	–	–	(17.8)	(17.8)
Fair value movement of interest rate swaps		–	–	(1.9)	–	–	(1.9)
Tax on above components of other comprehensive income	4	–	–	0.2	2.7	2.7	5.6
		–	–	(1.7)	2.7	(15.1)	(14.1)
Total comprehensive income		–	–	(1.7)	2.7	3.6	4.6
Transactions with owners recorded directly in equity							
Issued equity	10	1.0	–	–	–	–	1.0
Dividends paid on equity shares		–	–	–	–	(4.4)	(4.4)
Revaluation reserve realised on disposal of properties		–	–	–	(0.1)	0.1	–
Share based payments		–	–	–	–	0.2	0.2
Tax on share based payments		–	–	–	–	–	–
		1.0	–	–	(0.1)	(4.1)	(3.2)
At 26 September 2016		**11.2**	**1.8**	**(11.5)**	**227.2**	**225.2**	**453.9**

* Restated due to prior period adjustment (see note 1).

GROUP STATEMENT OF CASH FLOW

For the 26 weeks ended 26 September 2016

	Notes	**Unaudited 26 weeks to 26 Sep 2016 £m**	Unaudited 26 weeks to 28 Sep 2015 £m	*Audited 52 weeks to 28 Mar 2016 £m*
Operating activities				
Net cash generated from operations	7	**33.1**	31.3	*60.4*
Tax paid		**(3.1)**	(3.7)	*(7.8)*
Net cash flow from operating activities		**30.0**	27.6	*52.6*
Investing activities				
Sales of property and equipment		**0.4**	3.5	*3.6*
Purchases of property, equipment and lease premiums		**(15.0)**	(20.9)	*(41.6)*
Business combinations, net of cash acquired	8	**(5.4)**	(0.9)	*(3.5)*
Net cash used in investing activities		**(20.0)**	(18.3)	*(41.5)*
Financing activities				
Issued equity		**0.1**	–	*0.5*
Interest paid		**(2.6)**	(2.0)	*(4.4)*
Equity dividends paid		**(4.4)**	(4.2)	*(8.2)*
(Decrease)/increase in non current borrowings		**(14.0)**	7.5	*19.0*
Decrease in current borrowings		**–**	(5.0)	*(5.0)*
Net cash flow used in financing activities		**(20.9)**	(3.7)	*1.9*
(Decrease)/increase in cash		**(10.9)**	5.6	*13.0*
Cash at the beginning of the period		**13.2**	0.2	*0.2*
Cash at the end of the period		**2.3**	5.8	*13.2*

1. Accounts

This interim report was approved by the board on 9 November 2016. The interim financial statements are unaudited, and are not the group's statutory accounts as defined in s. 434 of the Companies Act 2006.

The consolidated interim financial statements have been prepared under IFRS as adopted by the European Union and on the basis of the accounting policies set out in the statutory accounts of Young & Co.'s Brewery, P.L.C., for the period ended 28 March 2016. The financial statements have not been prepared (and are not required to be prepared) in accordance with IAS 34: 'Interim Financial Reporting', with the exception of Note 4, taxation, where the tax charge for the half year to 26 September 2016 has been calculated using an estimate of the full year effective tax rate, in line with the principles of IAS 34. The accounting policies have been applied consistently throughout the group for the purposes of preparation of this financial information. There are no IFRS, IAS amendments or IFRIC interpretations effective for the first time for the period ending 3 April 2017 that have had a material impact on the group.

In future periods the directors intend to adopt IFRS 16: Leases, which will replace IAS 17 and requires lessees to recognise a lease liability reflecting future lease payments and a right-of-use-asset in respect of virtually all leases currently classified as operating leases. The balance sheet will effectively be 'grossed up' but with no impact to net assets at the inception of each lease. The group income statement impact will contain a new interest charge, a lower rent charge and an increase in depreciation charge recognised on the right-of-use-asset. Early adoption is permitted. The group is yet to assess the full impact of the new standard.

The interim report is presented in pounds sterling and all values are shown in millions of pounds (£m) rounded to the nearest £0.1m, except where otherwise indicated.

The comparative figures for the 26 weeks ended 28 September 2015 and the 52 weeks ended 28 March 2016 have been restated for a non-cash prior period adjustment in respect of the treatment of premiums paid for short leasehold pubs which are held as operating leases. The premiums were previously revalued which was not in accordance with IAS 17: Leases. The revaluation has been reversed and the premiums have been reclassified from Property and equipment to Lease premiums which are held on the balance sheet as current (the portion relating to the next financial period) or non current assets. The premiums are amortised on a straight-line basis over the length of the leases.

The restatement has had the following impact on prior period comparatives as at 28 September 2015 and 28 March 2016. The restatement had no effect on the group's cash flow.

	At 28 Sep 2015 £m	*At 28 Mar 2016* *£m*
Property and equipment	(10.0)	*(16.0)*
Non current lease premiums	6.8	*8.2*
Current lease premiums	0.5	*0.5*
Deferred tax liability	3.2	*3.9*
Revaluation reserve	(6.5)	*(9.9)*
Retained earnings	7.0	*6.5*

	26 weeks to 28 Sep 2015 £m	*52 weeks* *to 28 Mar 2016* *£m*
Income statement	–	*(0.5)*
Statement of comprehensive income	(0.1)	*(4.0)*

Statutory accounts for the period ended 28 March 2016 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 (adequate accounting records not kept, 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.

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 Ram Pub Company. 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. Management have reported the group's managed houses as a single reportable segment since they are affected by common economic factors (market trends and consumer demand, taste, disposable income and propensity to spend), have similar product offerings and are measured against the same key performance indicators. Ram Pub Company 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.

	26 weeks to 26 Sep 2016 £m	Restated 26 weeks to 28 Sep 2015 £m	*Restated 52 weeks to 28 Mar 2016 £m*
Revenue			
Managed houses	**128.7**	119.6	*232.9*
Ram Pub Company	**7.1**	6.5	*12.7*
Segment revenue	**135.8**	126.1	*245.6*
Unallocated income	**0.2**	0.2	*0.3*
	136.0	126.3	*245.9*
Operating profit before exceptional items			
Managed houses	**31.5**	29.8	*53.5*
Ram Pub Company	**2.7**	2.3	*4.5*
Segment operating profit before exceptional items	**34.2**	32.1	*58.0*
Unallocated expense	**(9.0)**	(8.7)	*(16.8)*
Operating exceptional items	**(0.3)**	(0.8)	*(2.8)*
Operating profit	**24.9**	22.6	*38.4*
Finance costs	**(2.7)**	(2.6)	*(5.3)*
Other finance charge	**(0.1)**	(0.2)	*(0.3)*
Profit before tax	**22.1**	19.8	*32.8*

3. Exceptional items and other financial measures

	26 weeks to 26 Sep 2016 £m	26 weeks to 28 Sep 2015 £m	*Restated 52 weeks to 28 Mar 2016 £m*
Amounts included in operating profits			
Net acquisition costs[1]	**(0.3)**	–	*(0.4)*
Profit on sales of properties[2]	–	0.2	*0.1*
Restructuring[3]	–	(0.7)	*(1.0)*
Goodwill impairment[4]	–	(0.3)	*(0.3)*
Upward movement on the revaluation of properties (note 8)[5]	–	–	*2.8*
Downward movement on the revaluation of properties (note 8)[5]	–	–	*(4.0)*
	(0.3)	(0.8)	*(2.8)*
Exceptional tax			
Change in corporation tax rate	**1.0**	–	*1.7*
Tax attributable to exceptional items[6]	**0.3**	0.4	*(0.7)*
	1.3	0.4	*1.0*
Total exceptional items after tax	**1.0**	(0.4)	*(1.8)*

[1] The acquisition costs related to the purchase of the Woolpack (Bermondsey) and the Blue Boar (Chipping Norton). They include legal and professional fees and stamp duty land tax.

[2] The profit on sales of properties in the prior year related to the difference between cash, less selling costs, received from the sale or lease termination of the Seven Stars (Brighton), New Town (Sutton) and the Sekforde Arms (Clerkenwell) and the carrying value of the assets at the date of sale.

[3] In the prior period, restructuring costs related to a reorganisation of the group's head office functions. These were largely made up of severance costs and consultancy fees.

[4] In the prior period, the goodwill impairment was a non-cash item that related to the Lord Palmerston (Tufnell Park) which was transferred out of the Geronimo group of cash generating units (which are the pubs trading under the Geronimo concept) and fell within the Geronimo managed houses segment.

[5] The upward movement on the revaluation of properties in the previous period related to a reversal of previous downward valuations in the income statement and the downward movement on the revaluation of properties related to an impairment charge.

[6] The tax attributable to exceptional items in the current period relates to an adjustment in respect of the prior year on deferred tax on properties.

Other financial measures

The table below shows how adjusted group EBITDA, operating profit and profit before tax have been arrived at. These alternative performance measures have been provided as the board believes that they give useful additional measures of the group's underlying performance.

	26 weeks to 26 Sep 2016 £m	Restated 26 weeks to 28 Sep 2015 £m	*Restated 52 weeks to 28 Mar 2016 £m*
Profit before tax	**22.1**	19.8	*32.8*
Operating exceptional items	**0.3**	0.8	*2.8*
Adjusted profit before tax	**22.4**	20.6	*35.6*
Net finance costs	**2.7**	2.6	*5.3*
Other finance charges	**0.1**	0.2	*0.3*
Adjusted operating profit	**25.2**	23.4	*41.2*
Depreciation and amortisation	**9.9**	8.3	*17.2*
Adjusted EBITDA	**35.1**	31.7	*58.4*

4. Taxation

The taxation charge for the 26 weeks ended 26 September 2016 has been calculated by applying an estimate of the effective tax rate before exceptional items for the 53 weeks ending 3 April 2017 at 21.0% (2016: 20.9%).

Tax charged in the group income statement	**26 weeks to 26 Sep 2016 £m**	Restated 26 weeks to 28 Sep 2015 £m	*Restated 52 weeks to 28 Mar 2016 £m*
Current tax			
Corporation tax expense	**4.8**	4.4	*7.1*
Adjustment in respect of current tax of prior periods	**–**	–	*(0.1)*
	4.8	4.4	*7.0*
Deferred tax			
Origination and reversal of temporary differences	**(0.1)**	(0.5)	*1.6*
Change in corporation tax rate	**(1.0)**	–	*(1.7)*
Adjustment in respect of deferred tax of prior periods	**(0.3)**	–	*(0.7)*
	(1.4)	(0.5)	*(0.8)*
Tax expense	**3.4**	3.9	*6.2*

Deferred tax in the group income statement			
Property revaluation and disposals	**(1.2)**	(0.6)	*(0.5)*
Fair value gains on acquisition of subsidiaries	**–**	–	*(0.1)*
Retirement benefit schemes	**–**	0.5	*0.2*
Capital allowances	**(0.1)**	(0.1)	*(0.1)*
Share based payments	**(0.1)**	(0.3)	*(0.3)*
Tax credit	**(1.4)**	(0.5)	*(0.8)*

Deferred tax in the group statement of comprehensive income			
Interest rate swaps	**(0.3)**	0.2	*–*
Retirement benefit schemes	**(3.2)**	0.4	*0.9*
Property revaluation and disposals	**(0.5)**	(0.2)	*2.0*
Change in corporation tax rate	**(1.6)**	–	*(3.2)*
Tax (credit)/expense	**(5.6)**	0.4	*(0.3)*

The reduction in the headline rate of corporation tax from 18% to 17% applicable from 1 April 2020 was substantively enacted on 15 September 2016. Accordingly, the deferred tax balances have been measured at 17% to reflect the new rate.

5. Earnings per ordinary share

(a) Earnings

	26 weeks to 26 Sep 2016 £m	26 weeks to 28 Sep 2015 £m	*Restated 52 weeks to 28 Mar 2016 £m*
Profit attributable to equity shareholders of the parent	**18.7**	15.9	*26.6*
Operating exceptional items	**0.3**	0.8	*2.8*
Tax attributable to above adjustments	**(0.3)**	(0.4)	*0.7*
Change in corporation tax rate	**(1.0)**	–	*(1.7)*
Adjusted earnings after tax	**17.7**	16.3	*28.4*

	Number	Number	*Number*
Basic weighted average number of ordinary shares in issue	**48,757,952**	48,532,089	*48,598,203*
Dilutive potential ordinary shares from outstanding employee share options	**25,640**	36,157	*26,324*
Diluted weighted average number of shares	**48,783,592**	48,568,246	*48,624,527*

(b) Basic earnings per share

	Pence	Pence	*Restated Pence*
Basic	**38.35**	32.76	*54.73*
Effect of exceptional items and other adjustments listed above	**(2.05)**	0.83	*3.71*
Adjusted basic	**36.30**	33.59	*58.44*

(c) Diluted earnings per share

	Pence	Pence	*Restated Pence*
Diluted	**38.33**	32.74	*54.70*
Effect of exceptional items and other adjustments listed above	**(2.05)**	0.82	*3.71*
Adjusted diluted	**36.28**	33.56	*58.41*

The basic earnings per share figure is calculated by dividing the net profit 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 25,640 (2015: 36,157) dilutive potential shares under the SAYE scheme.

Adjusted earnings per share are presented to eliminate the effect of the exceptional items and the change in corporation tax rate on basic and diluted earnings per share.

6. Dividends on equity shares

	26 weeks to 26 Sep 2016 Pence	26 weeks to 28 Sep 2015 Pence	*52 weeks to 28 Mar 2016 Pence*
Final dividend (previous period)	**9.07**	8.56	*8.56*
Interim dividend (current period)	**–**	–	*8.38*
	9.07	8.56	*16.94*

The table above sets out dividends that have been paid. The interim dividend, in respect of the period ended 26 September 2016, of 8.88 pence per share at a cost of £4.3 million is expected to be paid on 9 December 2016 to shareholders on the register at the close of business on 25 November 2016.

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

	26 weeks to 26 Sep 2016 £m	Restated 26 weeks to 28 Sep 2015 £m	*Restated 52 weeks to 28 Mar 2016 £m*
Profit before tax	**22.1**	19.8	*32.8*
Net finance cost	**2.7**	2.6	*5.3*
Other finance charge	**0.1**	0.2	*0.3*
Operating profit	**24.9**	22.6	*38.4*
Depreciation and amortisation	**9.9**	8.3	*17.2*
Movement on the revaluation of property	**–**	–	*1.2*
Goodwill impairment	**–**	0.3	*0.3*
Profit on sales of property and associated goodwill	**(0.1)**	(0.2)	*(0.1)*
Difference between pension service cost and cash contributions paid	**(0.8)**	(2.4)	*(2.9)*
Share based payments	**0.2**	0.3	*0.5*
Movements in working capital			
– Inventories	**(0.2)**	(0.2)	*–*
– Receivables	**0.4**	(0.7)	*(0.9)*
– Payables	**(1.2)**	3.3	*6.7*
Net cash generated from operations	**33.1**	31.3	*60.4*

Analysis of group net debt

	At 26 Sep 2016 £m	At 28 Sep 2015 £m	*At 28 Mar 2016 £m*
Cash	**2.3**	5.8	*13.2*
Loan capital and finance leases	**(129.6)**	(131.8)	*(143.4)*
Net debt	**(127.3)**	(126.0)	*(130.2)*

8. Property and equipment

	Restated Land & buildings £m	Restated Fixtures, fittings & equipment £m	Restated Total £m
Cost or valuation			
At 30 March 2015	591.7	106.8	698.5
Additions	14.0	25.0	39.0
Business combinations	2.3	1.2	3.5
Disposals	(4.2)	(1.5)	(5.7)
Fully depreciated assets	–	(12.7)	(12.7)
Revaluation			
– effect of upward movement in property valuation	25.5	–	25.5
– effect of downward movement in property valuation	(5.5)	–	(5.5)
At 28 March 2016	623.8	118.8	742.6
Additions	3.3	11.6	14.9
Business combinations	4.7	0.7	5.4
Disposals	(0.3)	(0.1)	(0.4)
Fully depreciated assets	(0.9)	(0.3)	(1.2)
Revaluation			
– effect of upward movement in property valuation	–	–	–
– effect of downward movement in property valuation	–	–	–
At 26 September 2016	**630.6**	**130.7**	**761.3**
Depreciation and impairment			
At 30 March 2015	38.3	52.5	90.8
Depreciation charge	1.6	15.1	16.7
Disposals	(0.9)	(1.3)	(2.2)
Fully depreciated assets	–	(12.7)	(12.7)
Tranfers	(1.0)	–	(1.0)
Revaluation			
– effect of downward movement in property valuation	3.7	0.3	4.0
– effect of upward movement in property valuation	(2.8)	–	(2.8)
At 28 March 2016	38.9	53.9	92.8
Depreciation charge	1.0	8.6	9.6
Disposals	–	(0.1)	(0.1)
Fully depreciated assets	(0.9)	(0.3)	(1.2)
Revaluation			
– effect of downward movement in property valuation	–	–	–
– effect of upward movement in property valuation	–	–	–
At 26 September 2016	**39.0**	**62.1**	**101.1**
Net book value			
At 30 March 2015	553.4	54.3	607.7
At 28 March 2016	584.9	64.9	649.8
At 26 September 2016	**591.6**	**68.6**	**660.2**

8. Property and equipment (continued)

Revaluation of property and equipment

The values of the group's freehold and leasehold land, buildings and fixtures and fittings were reviewed in light of current market factors (but have not been updated as at 26 September 2016 from their year-end market values as there has been no change in the current period) by Andrew Cox MRICS, the group's director of property and tenancies and a Chartered Surveyor, pursuant to the group's accounting policy. This review was carried out in accordance with the provisions of the RICS Valuation – Professional Standards January 2014 ('the Red Book'), which takes account of each property's highest and best use value.

Each individual pub is valued as a fully equipped operational entity after taking into account its trading potential, location, tenure, size and condition and other factors such as recent market transactions. Changes in these variables and assumptions could materially impact the valuations.

These values and the assumptions used to derive these values were discussed and reviewed with Andrew Cox, the board and the auditor. The highest and best use of its properties does not differ materially from their current use.

These techniques are consistent with the principles in IFRS 13 Fair Value Measurement and use significant unobservable inputs such that the fair value measurement of each property within the portfolio has been classified as Level 3 in the fair value hierarchy.

The key inputs to valuation are consistent with those set out in the group's audited accounts for the 52 weeks ended 28 March 2016.

9. Retirement benefit schemes

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

	26 weeks to 26 Sep 2016 £m	26 weeks to 28 Sep 2015 £m	*52 weeks to 28 Mar 2016 £m*
Changes in the present value of the retirement benefit schemes are as follows:			
Opening deficit	**(6.3)**	(13.1)	*(13.1)*
Current service cost	**(0.2)**	(0.3)	*(0.5)*
Contributions	**1.0**	2.7	*3.4*
Other finance charge	**(0.1)**	(0.2)	*(0.3)*
Remeasurement through other comprehensive income	**(17.8)**	2.3	*4.2*
Closing deficit	**(23.4)**	(8.6)	*(6.3)*

10. Share capital

Total share capital comprises the share capital issued and fully paid of £6.1 million (2016: £6.1 million) and the share premium account of £5.1 million (2016: £4.1 million). Share capital issued in the period comprises the nominal value of £nil (2016: £nil) and share premium of £1.0 million (2016: £1.4 million).

The shares issued in the current period relate to directors' and senior management's share awards and the exercise of share options under our SAYE scheme.

SENIOR PERSONNEL, COMMITTEES AND ADVISERS

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Nicholas Bryan, B.A., F.C.A.
Non-executive Chairman

Patrick Dardis
Chief Executive

Torquil Sligo-Young
Information Resources

Steve Robinson, F.C.A.
Finance

Tracy Read
HR

Roger Lambert, M.A.
Non-executive Senior Independent

Trish Corzine
Non-executive

Stephen Goodyear
Non-executive

Company Secretary
Anthony Schroeder

Audit committee
Roger Lambert (Chairman)
Nicholas Bryan
Trish Corzine

Remuneration committee
Nicholas Bryan (Chairman)
Roger Lambert
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