22 May 2007

MITCHELLS & BUTLERS PLC
INTERIM RESULTS
(For the 28 weeks ended 14 April 2007)

FINANCIAL HIGHLIGHTS

	HY 2007 £m	HY 2006 £m	Growth
Revenue	995	887	12.2%
EBITDA	230	207	11.1%
Operating Profit	161	143	12.6%
Profit before tax	89	91	(2.2)%
Earnings per share before exceptionals	14.8p	12.8p	15.6%
Earnings per share after exceptionals	17.4p	13.6p	27.9%
Interim dividend	4.25p	3.65p	16.4%

Note: EBITDA, operating profit and profit before tax are all stated before exceptional items

BUSINESS HIGHLIGHTS

- Good sales growth: same outlet like-for-like sales up 3.6% for 32 weeks to 12 May 2007[1]
- Average weekly sales per managed pub up 7.6% to £18.3k
- Strong market share gains: same outlet food sales up 5.5%[2], drink up 3.2%[2]
- Integration of Acquired Sites[3] on track: over half (126) converted with initial sales uplifts already above 25%
- Net retail operating margin excluding Acquired Sites[3] up by 1.1 percentage points to 17.2%
- Actively exploring 50:50 joint venture on majority of property assets

[1] Includes entire Easter trading in both periods being compared
[2] 32 weeks to 12 May 2007
[3] The “Acquired Sites” are the 239 pub restaurant sites acquired from Whitbread plc on 21 July 2006.

Commenting on the results, Tim Clarke, Chief Executive said:

“These strong results, with EPS up 15.6%, reflect our leadership position in the growing eating-out market and significant gains in our drinks market share. Our average weekly sales per managed pub are up by 7.6%, with a strong underlying margin performance. We are now serving almost 100 million meals a year. We are successfully converting the pubs purchased from Whitbread last year and are well on track to deliver the targets set out at the time of the acquisition. We remain confident in our future growth prospects.”

DIVIDENDS

In line with our commitment to progressive growth in dividends, an interim dividend of 4.25p per share, an increase of 16.4%, will be paid on 29 June 2007 to shareholders on the register on 1 June 2007.

A special dividend of £1 per share (£486m) was paid to shareholders at the beginning of this financial year on 25 October 2006 following the refinancing completed on 15 September 2006. This was accompanied by a 34 for 41 share consolidation to enable continuing share price comparability.

CURRENT TRADING

Revenue in the sixteen weeks, since the AGM trading statement to 12 May 2007, has shown good growth with same outlet like-for-like sales 3.2% ahead of last year, 1.9% ahead on an uninvested basis. Overall trading is in line with the Board's expectations.

	16 weeks to 12 May 2007*	32 weeks to 12 May 2007*
Same outlet like-for-like sales		
Residential	3.7%	4.1%
High Street	3.1%	2.9%
Total**	3.2%	3.6%
Uninvested like-for-like sales		
Residential	2.1%	2.3%
High Street	2.3%	2.2%
Total**	1.9%	2.1%

* Includes entire Easter period in both years being compared and excludes the Acquired Sites
** Includes Hollywood Bowl

Our estate in the residential areas accounting for 75% of managed pub sales, continues to generate strong growth with same outlet like-for-like sales up 4.1% for the 32 weeks to 12 May. Within this, our Locals pubs have performed very strongly, especially in food, which together with our high levels of amenity and good value for money are attracting a wider customer base and sizeable drinks market share gains. Our pub restaurants have continued to grow like-for-like sales, albeit at a slower rate than last year, partly reflecting signs that the successive rises in interest rates have been having some effect on the spending patterns of mid-market consumers, as well as some increased competition in the pub food market ahead of the smoking ban.

In the High Street segment, accounting for 25% of sales, same outlet like-for-like sales growth has strengthened with an increase of 2.9% for the 32 weeks to 12 May. This has been driven by buoyant trading in central London and a strong performance by our Town Pubs and Bars outside London, particularly in food, whilst trading in our late night venues has also seen a good recovery with positive same outlet like-for-like sales growth since Christmas.

Further strong efficiency gains are being generated and productivity, measured by staff contribution per hour, is up by 4.6%. On the purchasing front, the increase in the cost of goods index has been held to 1%, significantly below inflation and further process efficiencies have been made in the overhead. All of these factors have contributed to the strong uplift in net operating margin which is up 1.1 percentage points to 17.2%, excluding the Acquired Sites.

PROGRESS ON ACQUIRED SITES

We have made excellent progress with our conversion of the 239 Acquired Sites. We currently have over half the estate converted, with 126 pubs reopened and operating under our formats. Initial sales uplifts are already above 25%, with further subsequent sales build-ups expected over the next two years. We are currently on site with a further 23 projects. The sales and operating profit contribution from the

Acquired Sites for the first half were £87m and £4m respectively, net of closure and pre-opening costs of £10m.

With a further £5m of closure and pre-opening costs expected in the second half, the acquisition will, as stated at the time, be marginally dilutive to earnings in the current financial year. Our success to date in converting the sites underpins our confidence in the value creation from this acquisition.

PREPARATIONS FOR SMOKING BAN

In Scotland, which represents 5% of the estate, our experience of over a year of the smoking ban has shown that large, high quality pubs, with the ability to serve good quality meals at high volumes with attractive prices, can benefit from the ban.

Our same outlet like-for-like sales to 12 May 2007 are cumulatively ahead since the ban by 1.8%, with food up 7.4% and drinks down 0.4%. We have seen a marked upturn in trading since the winter months with like-for-like sales up 3.2% in the last 16 weeks.

In Wales, which represents 4% of the estate, it is too early to draw any firm conclusions, however the first seven weeks of the ban have seen like-for-like sales growth of 2.5%, a modest slowdown on the previous trend.

We continue to prepare our businesses in England for the ban on 1 July by enhancing their food, soft drinks and coffee offers, improving amenity levels and providing high quality external areas. In those uninvested pubs where we are now non-smoking, there have been very limited adverse effects. In total we now have over 340 non-smoking sites in England, including recent conversions, representing almost 20% of the estate. Overall we aim both to attract new users and retain existing customers.

We believe we are well placed to minimise any first year slow-down in sales growth post the ban and, thereafter, believe the ban will accelerate the medium term growth prospects of the business.

RELEASING ADDITIONAL VALUE FROM THE ESTATE

The Board has undertaken a thorough review of the options available to create additional value from our property portfolio. Three core beliefs, have shaped our decision making process:

- enduring shareholder reward is our corporate priority, delivered through day to day operational excellence, combined with a pragmatic harvesting of favourable debt and property market conditions when appropriate;

- property ownership and freehold appreciation is an intrinsic part of our integrated business model providing the firm foundations on which to deliver attractive returns and operational stability in both the short and longer term; and

- the business model should provide continued incentive to invest in consumer amenity in order to preserve competitive advantage and generate sustainable profit growth with capital appreciation.

We have taken expert advice on the market rent that all our existing freehold and long leasehold properties could support on a typical lease, which would be approximately £270m per annum.

In this context we have rigorously tested a variety of options, ranging from preservation of the status quo to full separation, all against three criteria:

- the quantum of the value potential against the existing share price, taking into account the costs of execution;
- the certainty of achieving that value in the short term; and
- the sustainability of the new business model and the scope to create yet more value for shareholders in the future.

The Board is clear that the market for REITs is as yet insufficiently developed to provide shareholders with certainty of material and sustainable value enhancement by adopting such a structure today. We will continue to review this position over time with shareholder value remaining at the top of our agenda.

We have concluded therefore, that the most appropriate solution lies in securing value for up to 50 percent of our property interests through a partnership structure. This would crystallise a substantial proportion of our property value on historically attractive yields, whilst enabling us to preserve the integrity of the existing, proven business model.

To that end we have conducted a wide-ranging and competitive process with a number of major UK property companies and private investors in pursuit of the most favourable terms for shareholders. As announced on 21 May, we are exploring the possibility of a 50:50 joint venture covering the majority of our property assets with R20, the investment vehicle of Robert Tchenguiz, which has emerged as the most competitive bidder at this time. There can be no certainty that any transaction will be forthcoming, with significant work still required before a successful conclusion can be reached. A further announcement will be made in due course as appropriate.

OUTLOOK

Mitchells & Butlers is generating accelerated drinks market share gains and has built the leading position in the eating-out market. Our value and volume marketing strategy leaves us competitively well placed to withstand the impact of the successive rises in interest rates and the inflationary pressures on consumer spending.

The breadth of our estate and format portfolio is a key advantage. Our substantial presence in local pubs generating rapid food sales growth and in premium formats trading strongly in Central London and other affluent, economically buoyant areas is largely offsetting the current slowdown in our more mid-market pub restaurant formats.

Our development of enhanced food offers and investment in high amenity standards will enable us to take advantage of the opportunities arising from the smoking ban to attract new users as well as retain existing customers.

Our rapid progress in the conversion of the Acquired Sites is incurring significant closure and pre-opening costs estimated at £15m this year, but will lead to a good profits advance from these sites next year. We also expect to continue to generate high returns from our large pipeline of investments in the core estate.

We are continuing to generate significant productivity and purchasing gains, whilst the external cost pressures of recent years appear to be easing.

The Board remains confident in future prospects, generating shareholder value from both profits growth and the directly related capital appreciation of our licensed property.

For further information please contact:

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There will be a presentation for analysts and investors at 9.30am at the Merrill Lynch Financial Centre, 100 Newgate St, London EC1. A live webcast of the presentation will be available on www.mbplc.com

Notes for editors:

- Mitchells & Butlers owns and operates around 2,000 high quality pubs in prime locations nationwide. The Group's predominantly freehold, managed estate is biased towards large pubs in residential locations. With around 3% of the pubs in the UK, Mitchells & Butlers has 10% of industry sales, and average weekly sales per pub of over three times the industry average.
- Same outlet (invested) like-for-like sales include the sales performance for the comparable period in the prior year of all managed pubs that were trading for the two periods being compared. 83% of the estate is included in this measure.
- Uninvested like-for-like sales include the sales performance for the comparable period in the prior year of those managed pubs that have not received expansionary investment of more than £30,000 in the two periods being compared. 75% of the estate is included in this measure.

Interim Operating and Financial Review

This review provides a commentary on the performance of the Mitchells & Butlers group for the 28 weeks ended 14 April 2007 and compares it with the equivalent half year period in 2006. To remove the distortions of the timing of Easter, all like-for-like, comparisons are made on a 32 weeks basis unless stated.

CHIEF EXECUTIVE'S REVIEW OF THE MARKET & STRATEGY

Mitchells & Butlers has delivered a further period of strong trading performance generating 12.6% growth in operating profits to £161 million before exceptional items. Our leadership of the growing, informal, eating out market and strong drinks market share gains have enabled us to generate like-for-like sales growth of 3.6%. We have made further efficiency gains with net retail operating margins, excluding the Acquired Sites, rising by 1.1 percentage points in the first half to 17.2%.

Earnings per share before exceptional items of 14.8p for the period are 15.6% ahead of last year. This reflects the strong trading performance and the reduction in shares in issue following the share buybacks last year and the share consolidation that accompanied the special dividend at the beginning of this financial year. As a result of this good performance we are pleased to announce an interim dividend of 4.25p per share, an increase of 16.4%.

THE MARKET

Our sales volumes have continued to outperform the market in all key product categories. Market growth rates have remained strong in food and soft drinks whilst the volume declines in the on-trade beer market have continued.

These trends have resulted from a changing pub usage to a wider but less regular customer base, driven both by an increase in the availability and quality of pub food and by social and lifestyle changes.

The eating out market is continuing to grow at 4%[1] per annum in real terms, with pubs taking a disproportionate share of this growth as the pub's informality and value for money nature appeals to more frequent and less formal occasions. This is particularly the case for local pubs that serve high quality food at attractive prices. This trend, together with the forthcoming ban in England on smoking in public places from July 2007, is resulting in an increase in the number of pubs that offer food and an improvement in the quality of food available. Mitchells & Butlers is particularly well placed to capitalise on this trend and, as a result, our same outlet like-for-like food volumes grew by 6% during the first half.

Our unit scale enables us to serve high volumes of food generating productivity benefits; our corporate scale allows us to source efficiently and to offer high quality, varied menus at value price points; and our pubs are well maintained providing a pleasant environment in which to eat.

While overall on-trade market growth in wines and soft drinks has slowed, with unchanged volumes in the period, Mitchells & Butlers has made further significant market share gains with volume growth of 2%[2] in these categories.

In contrast to the strong growth in food sales, the on-trade beer market has continued to decline, being down over 4%[3] in the period, offset a little by strong

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[1] Office for National Statistics
[2] AC Nielsen

growth in cider. However, Mitchells & Butlers has been able to grow beer and cider volumes by just over 1% in the period. The structural decline in the market is being exacerbated by the widening price gap between the on-trade and supermarkets (the off-trade) and in particular by on-trade price inflation of over 4% during the period.

MITCHELLS & BUTLERS STRATEGY FOR GROWTH

The results achieved in the first half of this year are a further testament to the success of Mitchells & Butlers' customer-driven pub retailing strategy and leave us in a strong position for the rest of the year. We have made good progress against each of our strategic aims to:

Lead the-value-for money casual dining market

Same outlet like-for-like food sales increased by 5.5% during the period through our emphasis on amenity, service and value. Our Local Pubs businesses, Ember Inns, Sizzling Pub Co, Metro Professionals and Community pubs delivered a particularly strong performance, capitalising on the growth in informal value for money eating out. This is a particularly pleasing performance given our focus on improving their food offers and capabilities in the run up to the smoking ban in July. Food still only accounts for 21% of sales in this part of the estate highlighting the significant opportunity that remains to develop our food reputation further.

The emphasis within our Pub Restaurants has been on converting to our brands and formats the 239 sites that we acquired in July last year, (the "Acquired Sites"). We have now converted 126 sites generating sales uplifts above 25%. This acquisition has accelerated the repositioning of the Mitchells & Butlers pub estate towards food. As we complete the conversions, food will account for some 40% of the company's sales mix and around 60% of our total sales will result from an eating out occasion.

Overall, our average retail prices in food remained broadly unchanged, partly reflecting the rapid growth in good value meals in Pubs & Bars.

Generate significant drinks market share gains

Same outlet like-for-like drinks sales increased by 3.2% in the period against the background of a significant decline in the on-trade beer market. We continue to develop the range of beers that we offer and improve serve quality and presentation through appropriate glassware and investment in glycol cooling systems. We have been following a similar strategy in wine, soft drinks and coffee, extending our ranges by stocking new premium products, offering good value, own label products and enhancing the serve quality. In wine, own label has grown to over 30% of wine sales and we now have draught dispense in some 500 pubs, improving the serve consistency. In soft drinks, we have been extending the range of fresh juices, cordials and mineral waters. We are also installing branded coffee offers in over 1,000 pubs.

Overall drinks prices rose by 3.5%, partly driven by mix changes and trading up to new premium products. These increases are less than the average for the on-trade and have further widened the value gap with the competition.

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[3] British Beer and Pub Association

Increasing the inclusive appeal of the pub through high levels of amenity and service

During the period we invested £135m of capital expenditure maintaining and upgrading our pubs, including £49m on converting the Acquired Sites. As a result of this strategy, the amenity gap between our pubs and the majority of the pubs in the UK is widening significantly, further improving our overall value proposition relative to the rest of the on-trade.

Deliver a profitable, integrated food and drinks offer

Whilst eating out is increasingly the reason that customers visit a Mitchells & Butlers pub, combining higher growth, lower margin food sales with higher margin drinks sales is key to maximising overall profitability. Our aim is to add incremental food sales which can be delivered at low marginal cost with an attractive drop-through to profit.

Extract volume driven efficiencies

Extracting maximum benefit from growing volumes across the business has been critical to our success in offsetting the additional £4m of external costs that we have incurred in the period. We have maintained our gross margins broadly in line with last year, both offsetting the negative mix impact of the faster growth of food and wine as well as the cost of more premium products. We have also generated further volume-driven purchasing gains with the cost of goods index held significantly below inflation.

We have driven further process efficiencies in the overhead infrastructure, thereby leveraging our scale economies during a period of business expansion; which has resulted in an extra overhead of only £2m to service approximately £200m of Acquired Site sales. We have generated further employee productivity gains through servicing the additional volumes sold with low incremental labour cost. Our principal measure of productivity, contribution per staff hour (sales less wages divided by hours worked), increased by a further 4.6% in the period for the core estate; this is the strongest increase we have yet achieved. As a result, our net operating margin overall is flat compared with last year despite the dilution from the closure of the Acquired Sites for conversion and pre-opening costs of £10m. Excluding the Acquired Sites, net operating margin improved by 1.1 percentage points on last year to 17.2%.

Extend the skill base of operational excellence throughout the estate

The skills and experience of our operating teams provide a critical competitive advantage for us in delivering good service efficiently. It is through this experience that we have been able to establish industry leading practices in areas such as staff training, deployment and scheduling. These have enabled us to realise significant productivity gains and maintain our pub employment cost ratio below 24% of sales excluding the Acquired Sites, despite a further increase of 5.9% in the National Minimum Wage from last October.

Proactively manage the estate to maximise value

Mitchells & Butlers' strategy is to maximise the value of each individual pub that we own by applying the trading format that is most appropriate to the local market. During the half year, in addition to the development of the Acquired Sites, we completed 37 conversions and 9 growth projects to change the customer offer or increase the trading area of the site. We are generating a pre-tax incremental return

of 19% on our expansionary investment over the last two years, excluding the Acquired Sites.

We have successfully converted 126 of the 239 Acquired Sites, achieving average sales uplifts of over 25%. We are on site with a further 23 projects and we are on track to complete the conversions by Easter 2008, ahead of our original plans. We continue to be confident of meeting our targets for sales and profit uplifts from these sites and the value creation from this acquisition.

We achieved £131m of disposal proceeds in the half year, including the sale of 102 pubs to Trust Inns in October, taking advantage of the buoyancy in the property market to crystallise the value of smaller freehold pubs, which are worth more to a third party than their trading value to Mitchells & Butlers. We currently expect to generate of the order of £20m from further disposal proceeds during the balance of the year.

Grow profits and capture asset appreciation to benefit shareholders

The success of our operational strategy to grow sales and profits has enhanced the value of our property. In October, we returned £486m to shareholders by means of a Special Dividend of £1 per share, crystallising for shareholders part of the incremental value identified in August last year by the £5.5bn valuation of the estate.

KEY PERFORMANCE INDICATORS

Mitchells & Butlers implements and monitors its performance against its strategy principally through four key performance indicators ("KPIs"). The performance in the first half is as follows:

1. ***Same outlet like-for-like sales growth*** – Mitchells & Butlers' operational and marketing plans have delivered strong and consistent like-for-like sales growth of 3.6% in the half year.

2. ***EPS growth*** - Mitchells & Butlers' strong trading performance, together with the share repurchases in FY2006 and the share consolidation that accompanied the special dividend earlier this year have generated growth in Earnings per Share of 15.6% before exceptional items this period.

3. ***CROCCE in excess of WACC*** **–** Mitchells & Butlers aims to maximise the difference between the post-tax Cash Return on Cash Capital Employed ("CROCCE") and its Weighted Average Cost of Capital ("WACC"), a key measure of value creation. A CROCCE of 10.5% after tax was achieved in the 12 months to 14 April 2007, around 4 percentage points ahead of our estimated WACC reflecting the good operating performance supported by our efficient use of the balance sheet.

4. ***Incremental return on expansionary capital*** – Our track record in this area has remained strong during the period. Pre-tax returns of 19% are being achieved on the expansionary capital projects carried out over the last two years. This measure excludes the recently Acquired Sites due to the relatively short period of ownership and post conversion trading, making it more difficult to estimate seasonal patterns and annualised returns.

The basis of KPI calculation is included within the 2006 annual report and accounts.

FINANCIAL REVIEW

Total revenue for the half year was £995m up 12.2% on last year reflecting the inclusion of the Acquired Sites, as well as strong like-for-like sales growth in both Residential and High Street areas, with further significant market share gains.

Same outlet food and drink sales were up 5.5% and 3.3% respectively with average retail prices of food and drink up 2.0%, reflecting both price increases on some standard products as well as the mix impact from more premium products and customer offers. Our pricing strategy remains focused on value for money and we have continued to widen the overall price gap between our products and our competitors who have on average increased prices above inflation.

The overall cost of goods increased by less than the rate of inflation reflecting the purchasing benefit of our volume strategy more than offsetting the price increases seen in certain commodity products. Overall gross margins were broadly maintained, as our purchasing gains helped to offset the cost of more premium products and the faster growth of the lower margin food and wine categories, which now account for over 40% of retail sales.

Good profit conversion of incremental sales enabled us to offset £4m of additional regulatory costs. In particular, further employee productivity benefits were achieved allowing us to maintain our pub employment cost ratio below 24% of sales, despite the increase in the National Minimum Wage. We now expect external cost increases for the year as a whole to be approximately £8m.

As anticipated, the one off cost of closure for conversion and pre-opening expenses for the 126 Acquired Sites converted during the period had an impact on overall net retail margins. In total, these costs amounted to £10m in the first half and we estimate a further £5m in the second half of the year as more sites are converted. Despite these additional costs, the net retail operating margin was in line with the first half last year at 16.1% reflecting the benefit of our volume strategy.

We invested £135m in the estate during the period, with £60m spent on maintaining the high levels of amenity in the pubs and in the continuing development and evolution of our brands and formats. The balance of £75m was spent on expansionary projects, with £49m spent on the Acquired Sites. Three new pubs were opened, and 37 pubs were converted to one of our brands or formats from the core estate to uplift their sales and profits. Including disposal proceeds of £131m, and £7m of acquisition costs for the Acquired Sites, net capital investment during the period was £11m.

As a result of our progress on all fronts, operating profit before exceptional items was £161m, up 12.6% on last year.

Pubs & Bars

	H1 07	Growth
Revenue	£515m	+1.4%
Operating profit*	£92m	+7.0%
Same outlet like-for-like sales**		+5.1%
Uninvested like-for-like sales**		+3.4%

* Before exceptional items
** 32 weeks to 12 May to include Easter trading in both periods being compared.

Revenue in the Pubs & Bars division was up 1.4% reflecting strong like-for-like sales growth of 5.1% offset by the impact of disposals last year and at the beginning of the period. At the end of the period there were 1,147 managed pubs in the Division following the disposal of 68 pubs, 1 new individual pub, 2 transfers to business franchise and 23 pubs transferred from the Restaurants division. There were on average 1,154 pubs trading during the period.

Good growth in the Division's drinks sales, as a result of the widening gap between our amenity, product range and value for money and that of our competitors, has led to market share gains, with a particularly strong performance from those businesses in residential areas. This increase is against a background of on-going decline in the on-trade beer market.

Food sales were up 16%, driven by growth in our residential pubs, notably, Sizzling Pub Co, Ember Inns and Metropolitan Professionals, as well as by our Town Pubs and the central London estate. This sales uplift has been generated by our focus on developing quality and range on the menu as well as increasing our kitchen skills and capabilities.

Same outlet machines sales were only marginally down reflecting an improved trajectory with the use of some new machine models following the increase in stakes and prizes.

A total of 32 conversions were completed, including 16 Acquired Sites predominantly to residential brands and formats such as Sizzling Pub Co, Ember Inns and the Metropolitan Professionals format. The Acquired Sites which, post conversion, were open for a relatively short period and include closure and pre-opening costs, contributed £4m of revenue and no profit in the period.

As a result of the strong sales performance and tight cost controls, Pubs & Bars profits were up 7.0% in the period and net margin was one percentage point higher at 17.9%. Excluding the contribution from major disposals in the comparative period, underlying profits were up 15.0%.

Restaurants

	H1 07	Growth
Revenue	£478m	+26.1%
Operating profit*	£68m	+19.3%
Same outlet like-for-like sales**		+1.6%
Uninvested like-for-like sales**		+0.4%

* Before exceptional items
** Excluding Acquired Sites and for 32 weeks to 12 May to include Easter trading in both periods being compared.

Total revenue in the Restaurants division was up 26.1% including £83m from the Acquired Sites. At the end of the period there were 805 managed pubs in the Division, including 2 new individual pubs, the disposal of 6 pubs, and 23 pubs transferred to Pub & Bars. There were on average 778 pubs trading during the period.

The focus of the Division in the period has been on the conversion of the Acquired Sites to capture as quickly as possible the targeted sales uplifts. All the Acquired Sites are included within the Restaurants division unless the site is converted to a Pubs & Bars brand or format and transferred, once opened, to the Pubs & Bars Division. The vast majority of the Acquired Sites contribution was therefore in the Restaurant Division with first half sales and operating profit of £83m and £4m respectively. The modest profit contribution from these sites reflects a sales decline of 11% pre-conversion and the inevitable disruption from the intensive conversion programme, resulting in pre-opening and closure costs of £10m. Same outlet like-for-like sales for the Restaurant Division grew by 1.6%.

The Restaurants division's focus on food sales growth together with the associated drinks sales has resulted in operating profit before exceptional items of £68m. This is 19.3% above last year, including the contribution of £4m from the Acquired Sites. As expected, the dilution from the significant closure and pre-opening costs of the Acquired Sites was felt particularly in Restaurants, leaving operating margins at 14.2% down 0.8% percentage point on last year. Excluding the Acquired Sites, operating margin would be 16.2%, up 1.2 percentage points on last year.

Standard Commercial Property Developments (SCPD)

SCPD aims to maximise the value of the Group's surplus properties which are suitable for development. Due to the nature of this activity and the small number of developments ongoing at any one time, revenue and profit can fluctuate from period to period. In the first half, SCPD contributed £2m of sales and £1m of operating profit.

Exceptional items

Exceptional items are those which are separately identified by virtue of their size or incidence so as to allow a better understanding of the underlying trading performance of the Group. Exceptional items are generally those which do not form part of the core operations of the Group. As a result, the Board focuses on "pre-exceptional" performance measures in order to compare underlying performance.

Exceptional items in the first half include £20m of profits on disposal of properties, primarily due to the sale of 102 pubs to Trust Inns, and £4m in respect of integration costs on the Acquired Sites. Net of tax, exceptional profits were £11m.

Finance Costs and Revenue

Finance costs were £82m for the period, £22m higher than the prior year. This reflects the higher average net debt during the period, largely as a result of the £486m special dividend paid in October.

Finance Revenue of £3m was achieved and net income from pensions was £7m.

Taxation

The tax charge for the period was £28m before exceptional items. This is an effective rate of 31% of profit before tax, consistent with last year.

Earnings per share

Earnings per share were 14.8p before exceptional items, 15.6% ahead of last year. In addition to the growth in operating profit, earnings per share have benefited from the share buyback programme last year and the share consolidation accompanying the special dividend this year.

Dividends and returns to shareholders

In line with our commitment to progressive growth in dividends, an interim dividend of 4.25p per share, an increase of 16.4%, will be paid on 29 June 2007 to Shareholders on the register on 1 June 2006.

A special dividend of £1 per share (£486m) was paid to shareholders at the beginning of this financial year on 25 October 2006 following the refinancing completed on 15 September 2006. This was accompanied by a 34 for 41 share consolidation to enable continuing share price comparability.

Cash flow and net debt

Cashflow from operations was £189m before exceptional items but after additional pension contributions of £40m. Net capital expenditure was £11m consisting of £135m of capital investment and £7m of acquisition costs, offset by £131m of disposal proceeds.

After net interest, tax, dividends and share repurchases but before exceptional refinancing and integration costs, the total cash outflow for the half year was £452m, including the £486m Special Dividend paid in October.

Net debt at the half year was £2,533m.

Share price and market capitalisation

At 14 April 2007 the share price was 794p compared with 589.5p at the start of the financial year, an increase of 35%. The Company was a member of the FTSE 250 index for the period with a market capitalisation of approximately £3.2bn at the end of the first half. Following the strong growth in the share price, the Company joined the FTSE 100 index on 20 April 2007.

Treasury management

The financial risks faced by the Group are identified and managed by a central Treasury department. The activities of the Treasury function are carried out in accordance with Board approved policies and are subject to regular audit. The department does not operate as a profit centre.

At 14 April 2007, the Group's net debt of £2,533m consisted of the securitised debt of £2,388m, drawings against the medium term facility of £185m, derivatives hedging balance sheet debt, other loan notes and finance lease obligations together totalling £55m, offset by investments of £95m.

Pensions

On an IAS 19 basis, the Group's pensions schemes showed a surplus of £49m (£34m after tax) at 14 April 2007 compared with a £99m deficit (£67m deficit after tax) at 30 September 2006. The move to surplus reflects the benefit of £40m of additional pension contributions paid in the period, together with improved investment returns and higher bond yields used to discount future liabilities.

Further contributions of £20m were also committed for FY 2008 at the time of the special dividend. A full actuarial valuation of the pension schemes is currently underway and the conclusions will be published with the annual results of the Company. The valuation process will include, among other things, a review of the assumptions on increasing life expectancy for the schemes, to ensure that they reflect the most up-to-date views on this subject.

GROUP INCOME STATEMENT
for the 28 weeks ended 14 April 2007

	2007 28 weeks		2006 28 weeks		2006 52 weeks	
	Before exceptional items* £m	**Total £m**	Before exceptional items* £m	Total £m	Before exceptional items* £m	Total £m
Revenue (Note 2)	**995**	**995**	887	887	1,720	1,720
Operating costs before depreciation and amortisation	**(765)**	**(769)**	(680)	(680)	(1,290)	(1,297)
Profit arising on property-related items	**-**	**20**	-	2	-	23
EBITDA **	**230**	**246**	207	209	430	446
Depreciation and amortisation	**(69)**	**(69)**	(64)	(64)	(121)	(121)
Operating profit (Note 2)	**161**	**177**	143	145	309	325
Finance costs	**(82)**	**(82)**	(60)	(60)	(118)	(122)
Finance revenue	**3**	**3**	4	4	9	9
Net finance income from pensions (Note 14)	**7**	**7**	4	4	8	8
Profit before tax	**89**	**105**	91	93	208	220
Tax expense (Note 4)	**(28)**	**(33)**	(28)	(26)	(64)	(25)
Profit for the period	**61**	**72**	63	67	144	195
Earnings per ordinary share (Note 5):						
Basic	**14.8p**	**17.4p**	12.8p	13.6p	29.3p	39.7p
Diluted	**14.4p**	**16.9p**	12.5p	13.3p	28.6p	38.8p

* Exceptional items are explained in Note 1 and analysed in Note 3.
** Earnings before interest, tax, depreciation and amortisation.

All activities relate to continuing operations.

GROUP STATEMENT OF RECOGNISED INCOME AND EXPENSE
for the 28 weeks ended 14 April 2007

	2007 28 weeks £m	2006 28 weeks £m	2006 52 weeks £m
Gains/(losses) on cash flow hedges taken to equity	**58**	10	(22)
Actuarial gains on defined benefit pension schemes (Note 14)	**103**	59	27
Tax on items recognised directly in equity	**(32)**	(15)	11
Tax credit/(charge) relating to movement in unrealised gains due to previous revaluations	**-**	14	(4)
Income recognised directly in equity	**129**	68	12
Transfers to the income statement:			
On cash flow hedges	**12**	-	16
Tax on items transferred from equity	**(4)**	-	(5)
Net income recognised directly in equity	**137**	68	23
Profit for the period	**72**	67	195
Total recognised income and expense for the period attributable to equity holders of the parent	**209**	135	218

GROUP BALANCE SHEET
14 April 2007

ASSETS	**2007 14 April £m**	2006 15 April £m	2006 30 September £m
Goodwill and other intangible assets	**20**	23	22
Property, plant and equipment (Note 6)	**3,922**	3,472	3,867
Lease premiums	**11**	15	13
Pension surplus (Note 14)	**49**	-	-
Derivative financial instruments	**31**	-	-
Deferred tax asset	**34**	-	68
Total non-current assets	**4,067**	3,510	3,970
Inventories	**42**	41	42
Trade and other receivables	**83**	78	81
Derivative financial instruments	**6**	-	-
Cash and cash equivalents (Note 11)	**94**	145	375
Other cash deposits	**1**	1	-
Total current assets	**226**	265	498
Non-current assets held for sale	**7**	6	88
Total assets	**4,300**	3,781	4,556
LIABILITIES			
Borrowings	**(240)**	(40)	(41)
Derivative financial instruments	**(1)**	(5)	(7)
Trade and other payables	**(259)**	(233)	(251)
Current tax liabilities	**(21)**	(44)	(22)
Total current liabilities	**(521)**	(322)	(321)
Borrowings	**(2,349)**	(1,761)	(2,375)
Derivative financial instruments	**(41)**	(31)	(55)
Pension liabilities (Note 14)	**-**	(70)	(99)
Deferred tax liabilities	**(441)**	(344)	(418)
Provisions	**(3)**	(4)	(3)
Total non-current liabilities	**(2,834)**	(2,210)	(2,950)
Total liabilities	**(3,355)**	(2,532)	(3,271)
Net assets (Note 7)	**945**	1,249	1,285
EQUITY			
Called up share capital	**34**	35	34
Share premium account	**14**	14	14
Capital redemption reserve	**3**	2	3
Own shares held	**(17)**	(6)	(12)
Hedging reserve	**20**	(17)	(30)
Translation reserve	**6**	6	6
Retained earnings	**885**	1,215	1,270

Total equity (Note 8)	**945**	1,249	1,285

GROUP CASH FLOW STATEMENT
for the 28 weeks ended 14 April 2007

	2007 28 weeks £m	2006 28 weeks £m	2006 52 weeks £m
Cash flow from operations (Note 10)	**196**	202	430
Net interest paid	**(71)**	(51)	(107)
Tax paid	**(13)**	(35)	(48)
Net cash from operating activities	**112**	116	275
Investing activities			
Purchases of property, plant and equipment	**(134)**	(95)	(179)
Acquisition of Whitbread pub restaurant sites	**(7)**	-	(489)
Purchases of intangibles (computer software)	**(1)**	(1)	(3)
Proceeds from sale of property, plant and equipment	**131**	17	88
(Transfers to)/proceeds from cash deposits with a maturity of greater than three months	**(1)**	-	1
Defence costs	**-**	-	(4)
Net cash used in investing activities	**(12)**	(79)	(586)
Financing activities			
Purchase of own shares	**(46)**	(41)	(76)
Proceeds on release of own shares held	**10**	6	12
Repayment of principal in respect of securitised debt	**(19)**	(18)	(460)
Proceeds from other loans	**198**	-	-
Proceeds from issue of securitised debt	**-**	-	1,078
Expenditure associated with refinancing	**(3)**	-	(10)
Repayment of principal in respect of other loans	**-**	-	(1)
Dividends paid	**(521)**	(38)	(56)
Net cash used in financing activities	**(381)**	(91)	487
Net (decrease)/increase in cash and cash equivalents (Note 12)	**(281)**	(54)	176
Cash and cash equivalents at the beginning of the period	**375**	199	199
Cash and cash equivalents at the end of the period	**94**	145	375

Cash and cash equivalents are defined in Note 11.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Basis of preparation and accounting policies
The interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and comply with International Accounting Standard (IAS) 34 'Interim Financial Reporting'. They have been prepared on a consistent basis using the accounting policies set out in the Annual Report and Financial Statements 2006 and should be read in conjunction with this document. Details of these accounting policies can also be accessed within the investors section of the Group's website at www.mbplc.com/IFRS.

The interim financial statements are unaudited and do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. They were approved by a duly appointed and authorised Committee of the Board of Directors on 21 May 2007. The financial information for the year ended 30 September 2006 is extracted from the annual accounts for the year ended 30 September 2006, which have been delivered to the Registrar. The auditors' report on the annual accounts for the year ended 30 September 2006 was unqualified, and did not include an emphasis of matter reference or any statement required under section 237(2) or (3) of the Companies Act 1985. The auditors have carried out a review of the financial information in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board.

Exceptional items
In addition to presenting information on an IFRS basis, MAB also presents information that excludes exceptional items. This information is disclosed to allow a better understanding of the underlying trading performance of the Group and is consistent with MAB's internal management reporting. Exceptional items, which include profits and losses on the disposal of properties, are identified by virtue of either their size or incidence so as to facilitate comparison with prior periods and to assess underlying trends in financial performance.

Exchange rates
The results of overseas operations have been translated into sterling at the weighted average euro rate of exchange for the period of £1=€1.49 (2006 28 weeks, £1=€1.46; 52 weeks, £1=€1.46). Euro and US dollar denominated assets and liabilities have been translated into sterling at the relevant rate of exchange at the balance sheet date of £1=€1.47 (15 April 2006, £1=€1.45; 30 September 2006, £1=€1.47) and £1=$1.98 (15 April 2006, £1=$1.75; 30 September 2006, £1=$1.87) respectively.

2 SEGMENTAL ANALYSIS

The Group's primary reporting format is by business segment.

	2007 28 weeks £m	2006 28 weeks £m	2006 52 weeks £m
Revenue			
Pubs & Bars	**515**	508	958
Restaurants	**478**	379	762
Retail	**993**	887	1,720
SCPD	**2**	-	-
Total revenue	**995**	887	1,720

Operating profit

Pubs & Bars	**92**	86	179
Restaurants	**68**	57	130
Retail	**160**	143	309
SCPD	**1**	-	-
Operating profit before exceptional items	**161**	143	309
Exceptional items (Note 3)	**16**	2	16
Operating profit	**177**	145	325

After the allocation of exceptional items (where these can be attributed to a segment), the segmental profits are Pubs & Bars £111m (2006 28 weeks, £88m; 52 weeks, £202m), Restaurants £65m (2006 28 weeks, £57m; 52 weeks, £130m), SCPD £1m (2006 28 weeks, £nil; 52 weeks, £nil) and unallocated £nil (2006 28 weeks, £nil; 52 weeks, £(7)m).

3 EXCEPTIONAL ITEMS

	Notes	**2007 28 weeks £m**	2006 28 weeks £m	2006 52 weeks £m
Operating exceptional items				
Defence costs	a	**-**	-	(4)
Refinancing costs	b	**-**	-	(3)
Integration costs	c	**(4)**	-	-
		(4)	-	(7)
Profits on disposal of properties		**27**	2	41
Losses on disposal of properties		**(6)**	-	(14)
Fair value adjustments on classification of non-current assets held for sale	d	**(1)**	-	(4)
Profit arising on property-related items		**20**	2	23
Total operating exceptional items		**16**	2	16
Exceptional finance costs	b	**-**	-	(4)
Total exceptional items before tax		**16**	2	12
Tax (charge)/credit relating to above items		**(5)**	2	(1)
Exceptional tax released in respect of prior years		**-**	-	40
		(5)	2	39
Total exceptional items after tax		**11**	4	51

a Costs associated with evaluation (between March and May 2006) of the R20 approach to acquire the share capital of Mitchells & Butlers plc and its subsidiaries.

b Expenses incurred in relation to the refinancing of the Group's securitised debt.

Exceptional finance costs represent accelerated amortisation of capitalised transaction costs relating to secured loan notes repaid as part of the refinancing.

c Costs associated with the integration of the 239 pub restaurant sites acquired from Whitbread on 21 July 2006.

d Adjustments to the carrying value of property, plant and equipment, prior to transferring these to assets held for sale, where the expected net sale proceeds are less than the book value.

All exceptional items relate to continuing operations.

4 TAX EXPENSE

	2007 28 weeks £m	2006 28 weeks £m	2006 52 weeks £m
UK corporation tax	**19**	23	16
Deferred tax	**14**	3	9
	33	26	25
Further analysed as tax relating to:			
Profit before exceptional items	**28**	28	64
Exceptional items (Note 3)	**5**	(2)	(39)
	33	26	25

Tax has been calculated using an estimated annual effective tax rate of 31% (2006 28 weeks, 31%; 52 weeks actual, 31%) on profit before tax and exceptional items.

It is noted that a proposed change in the rate of corporation tax from 30% to 28% was announced in the Chancellor's Budget on 21 March 2007. Proposed changes in the way corporation tax is calculated (including Capital Allowances and Industrial Building Allowances) were also announced. These changes, which are expected to be enacted before the Company's financial year end, may impact the annual effective tax rate.

5 EARNINGS PER SHARE

Basic earnings per share have been calculated by dividing the profit for the financial period by the weighted average number of ordinary shares in issue during the period, excluding own shares held in treasury and by employee share trusts.

For diluted earnings per share, the weighted average number of ordinary shares is adjusted to assume conversion of all potentially dilutive ordinary shares.

Earnings per ordinary share amounts are presented before exceptional items (see Note 3) in order to allow a better understanding of the underlying trading performance of the Group.

	Profit £m	Basic EPS pence per ordinary share	Diluted EPS pence per ordinary share
28 weeks ended 14 April 2007:			
Profit for the period	**72**	**17.4p**	**16.9p**
Exceptional items, net of tax	**(11)**	**(2.6)p**	**(2.5)p**
Profit before exceptional items	**61**	**14.8p**	**14.4p**
28 weeks ended 15 April 2006:			
Profit for the period	**67**	13.6p	13.3p
Exceptional items, net of tax	**(4)**	(0.8)p	(0.8)p

Profit before exceptional items	**63**	12.8p	12.5p
52 weeks ended 30 September 2006:			
Profit for the period	**195**	39.7p	38.8p
Exceptional items, net of tax	**(51)**	(10.4)p	(10.2)p
Profit before exceptional items	**144**	29.3p	28.6p

The weighted average number of ordinary shares used in the calculations above are as follows:

	2007 28 weeks m	2006 28 weeks m	2006 52 weeks m
For basic EPS calculations	**413**	494	491
Effect of dilutive potential ordinary shares:			
Contingently issuable shares	**7**	4	7
Other share options	**5**	5	5
For diluted EPS calculations	**425**	503	503

6 PROPERTY, PLANT AND EQUIPMENT

	2007 28 weeks £m	2006 28 weeks £m	2006 52 weeks £m
At beginning of period	**3,867**	3,447	3,447
Additions	**140**	96	684
Disposals	**(17)**	(13)	(66)
Depreciation provided during the period	**(66)**	(59)	(114)
Movement in assets held for sale	**(2)**	1	(84)
At end of period	**3,922**	3,472	3,867

Property, plant and equipment is accounted for under the cost model but includes the results of previous property revaluations as permitted by the IFRS transition rules. The amount of revaluation in excess of the original cash cost of the assets to the Group (or formerly as a division of Six Continents PLC) included in the carrying value at 14 April 2007 was £671m (15 April 2006, £715m; 30 September 2006, £702m).

At 14 April 2007, amounts contracted for but not provided in the financial statements for the acquisition of property, plant and equipment were £36m (15 April 2006, £29m; 30 September 2006, £28m).

7 NET ASSETS

	2007 14 April £m	2006 15 April £m	2006 30 September £m
Pubs & Bars	**1,925**	1,965	2,040
Restaurants	**1,881**	1,416	1,808
Retail	**3,806**	3,381	3,848
SCPD	**17**	17	18
Segmental net assets	**3,823**	3,398	3,866
Net debt	**(2,533)**	(1,666)	(2,067)
Other unallocated net liabilities	**(345)**	(483)	(514)
Net assets	**945**	1,249	1,285

8 CHANGE IN EQUITY

	2007 28 weeks £m	2006 28 weeks £m	2006 52 weeks £m
Opening equity	**1,285**	1,183	1,183
Repurchase and cancellation	**-**	-	(58)
Total recognised income and expense	**209**	135	218
Dividends (Note 9)	**(521)**	(38)	(56)
Purchase of own shares	**(42)**	(41)	(22)
Proceeds on release of own shares held	**10**	6	12
Credit in respect of share remuneration	**4**	4	8
Closing equity	**945**	1,249	1,285

Own shares held by the Group represent the shares in the Company held in treasury ('treasury shares') and by the employee share trusts.

During the financial period, the Company acquired 1,033,000 shares at a cost of £7.4m and released 305,008 shares to employees on the exercise of share options for a total consideration of £0.4m. The 1,246,010 shares held in treasury at 14 April 2007 had a market value of £9.9m (1 October 2006 518,018 shares held with a market value of £3.1m). The aggregate nominal value of the treasury shares held at 14 April 2007 was £88,259.

During the financial period, the employee share trusts acquired 4,908,500 shares at a cost of £34.5m and released 5,491,066 shares to employees on the exercise of options and other share awards for a total consideration of £9.2m. The 1,627,058 shares held by the trusts at 14 April 2007 had a market value of £12.9m (1 October 2006 2,209,624 shares held with a market value of £13.0m).

9 DIVIDENDS

	2007 28 weeks £m	2006 28 weeks £m	2006 52 weeks £m
Amounts paid and recognised in equity			
In respect of the 53 weeks ended 1 October 2005:			
- Final dividend of 7.55p per share	**-**	38	38
In respect of the 52 weeks ended 30 September 2006:			
- Interim dividend of 3.65p per share	**-**	-	18
- Final dividend of 8.60p per share	**35**	-	-
In respect of the 52 weeks ending 29 September 2007			
- Interim dividend of 100.00p per share	**486**	-	-
	521	38	56
Proposed interim dividend of 4.25p (2006 3.65p) per share for the 28 weeks ended 14 April 2007	**17**	18	

The proposed interim dividend for the 28 weeks ended 14 April 2007 was approved by the Board on 21 May 2007 and did not therefore qualify for recognition in the financial statements at 14 April 2007.

10 CASH FLOW FROM OPERATIONS

	2007 28 weeks £m	2006 28 weeks £m	2006 52 weeks £m
Operating profit	**177**	145	325
Adjustments for:			
Exceptional items	**(16)**	(2)	(16)
Depreciation of property, plant and equipment	**66**	59	114
Amortisation of intangibles (computer software)	**3**	4	7
Amortisation of lease premiums	**-**	1	-
Cost charged in respect of share remuneration	**4**	4	8
Defined benefit pension cost less regular cash contributions	**2**	2	3
Operating cash flow before exceptional items, movements in working capital and additional pension contributions	**236**	213	441
Movements in working capital:			
Increase in inventories	**-**	(2)	(3)
(Increase)/decrease in trade and other receivables	**(13)**	(1)	7
Increase in trade and other payables	**17**	12	6
Movement in provisions	**-**	-	(1)
Additional pension contributions	**(40)**	(20)	(20)
Cash flow from operations before exceptional items	**200**	202	430
Integration costs paid	**(4)**	-	-
Cash flow from operations	**196**	202	430

11 ANALYSIS OF NET DEBT

	2007 14 April £m	2006 15 April £m	2006 30 September £m
Cash and cash equivalents (see below)	**94**	145	375
Cash deposits with a maturity of greater than three months	**1**	1	-
Securitised debt (see below)	**(2,388)**	(1,797)	(2,413)
Derivatives hedging balance sheet debt*	**(39)**	(11)	(26)
Loan notes	**(2)**	(2)	(2)
Other loans and finance leases	**(199)**	(2)	(1)
	(2,533)	(1,666)	(2,067)

* Represents the element of the fair value of currency swaps hedging the balance sheet value of the Group's dollar denominated loan notes.

Cash and cash equivalents
Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and in hand plus cash deposits with a maturity of three months or less.

Securitised debt
On 13 November 2003, a group company, Mitchells & Butlers Finance plc, issued £1,900m of secured loan notes in connection with the securitisation of the majority of the Group's UK pubs and restaurants business owned by Mitchells & Butlers Retail Limited. The funds raised were mainly used to repay existing bank borrowings of £1,243m, pay issue costs of £23m and return £501m to shareholders by way of a special dividend.

On 15 September 2006 Mitchells & Butlers Finance plc completed the issue of £655m of further secured loan notes. These were issued under substantially the same terms as the original securitisation in November 2003. The funds raised were mainly used to return £486m to shareholders by way of a special dividend and to provide long-term funding for the Whitbread pub restaurant sites acquired. As part of the issue, the original A1 and A3 loan note tranches (totalling £450m) were repaid and reissued as A1N and A3N loan notes to take advantage of reduced market rates.

The overall cash interest rate payable on the debt is fixed at 5.7% after taking account of interest rate hedging and monoline insurance costs. The notes are secured on the majority of the pubs and pub restaurants of Mitchells & Butlers Retail Limited and their future income streams.

Other borrowings
On 28 September 2006, Mitchells & Butlers plc signed a £300m facility agreement, available for three years, for general business purposes. At 14 April 2007, £185m was drawn under the facility and forms part of the 'Other loans and finance leases' balance within the analysis of net debt (see above). The facility is governed by various covenants, representations, undertakings, events of default and guarantees relating to those parts of the Group held outside of the securitisation described above.

Interest is payable on the facility at LIBOR plus an applicable margin calculated with reference to levels of Group Net Debt:EBITDA.

The carrying value of the secured loan notes at 14 April 2007, which excludes the impact of derivatives, is analysed as follows:

	2007 14 April £m	2006 15 April £m	2006 30 September £m
Principal outstanding at beginning of period	2,429	1,824	1,824
Further loan note issue	-	-	1,078
Principal repaid during the period	(19)	(18)	(460)
Exchange on translation of dollar loan notes	(13)	2	(13)
Principal outstanding at end of period	2,397	1,808	2,429
Deferred issue costs	(20)	(19)	(21)
Accrued interest	11	8	5
Carrying value at end of period	2,388	1,797	2,413

12 **MOVEMENT IN NET DEBT**

	2007 **14 April** **£m**	2006 15 April £m	2006 30 September £m
Net (decrease)/increase in cash and cash equivalents	**(281)**	(54)	176
Add back cash flows in respect of other components of net debt:			
Transfers to/(proceeds from) deposits with a maturity of greater than three months	**1**	-	(1)
(Proceeds from)/repayment of principal in respect of other loans and finance leases	**(198)**	-	1
Repayment of principal in respect of securitised debt	**19**	18	460
Proceeds of issue of securitised debt	**-**	-	(1,078)
Increase in net debt arising from cash flows (‘Net cash flow’ per Note 13)	**(459)**	(36)	(442)
Non-cash movements	**(7)**	(5)	-
Increase in net debt	**(466)**	(41)	(442)
Opening net debt	**(2,067)**	(1,625)	(1,625)
Closing net debt	**(2,533)**	(1,666)	(2,067)

13 NET CASH FLOW

	2007 28 weeks £m	2006 28 weeks £m	2006 52 weeks £m
Operating profit before exceptional items	**161**	143	309
Depreciation and amortisation	**69**	64	121
EBITDA*	**230**	207	430
Working capital movement	**4**	9	9
Other non-cash items	**6**	6	11
Additional pension contributions	**(40)**	(20)	(20)
Cash flow from operations before exceptional items	**200**	202	430
Net capital expenditure **	**(11)**	(79)	(583)
Cash flow from operations before exceptional items and after net capital expenditure	**189**	123	(153)
Integration costs paid	**(4)**	-	-
Cash flow from operations after net capital expenditure	**185**	123	(153)
Net interest paid	**(71)**	(51)	(107)
Tax paid	**(13)**	(35)	(48)
Dividends paid	**(521)**	(38)	(56)
Purchase of own shares	**(46)**	(41)	(76)
Proceeds on release of own shares held	**10**	6	12
Defence costs	**-**	-	(4)
Expenditure associated with refinancing	**(3)**	-	(10)
Net cash flow (Note 12)	**(459)**	(36)	(442)

* Earnings before interest, tax, depreciation, amortisation and exceptional items.

** Comprises purchases of property, plant and equipment and intangibles less proceeds from the sale of property, plant and equipment.

14 PENSIONS

Amounts recognised in the Group income statement in respect of the Group's defined benefit and defined contribution arrangements are as follows:

	2007 28 weeks £m	2006 28 weeks £m	2006 52 weeks £m
Operating profit			
Current service cost (defined benefit plans)	**(7)**	(8)	(14)
Current service cost (defined contribution plans)	**(1)**	-	(1)
Operating profit charge	**(8)**	(8)	(15)
Finance income			
Expected return on pension scheme assets	**41**	37	69
Interest on pension scheme liabilities	**(34)**	(33)	(61)
Net finance income	**7**	4	8
Total charge	**(1)**	(4)	(7)

Pension liabilities are analysed as follows:

	2007 14 April £m	2006 15 April £m	2006 30 September £m
Fair value of scheme assets	**1,281**	1,171	1,182
Present value of scheme liabilities	**(1,232)**	(1,241)	(1,281)
Surplus/(deficit) in the schemes recognised as an asset/(liability) in the balance sheet	**49**	(70)	(99)
Associated deferred tax (liability)/asset	**(15)**	23	32

Movements in the scheme deficits are analysed as follows:

	2007 28 weeks £m	2006 28 weeks £m	2006 52 weeks £m
At beginning of period	**(99)**	(151)	(151)
Charge in the Group income statement (defined benefit plans)	**-**	(4)	(6)
Contributions paid	**45**	26	31
Actuarial gains	**103**	59	27
At end of period	**49**	(70)	(99)

15 CONTINGENT LIABILITIES

The Company has given indemnities in respect of the disposal of certain companies previously within the Six Continents group. It is the view of the Directors that, other than to the extent that liabilities have been provided for in these financial statements, such indemnities are not expected to result in financial loss to the Group.

- ends -

INDEPENDENT REVIEW REPORT TO MITCHELLS & BUTLERS PLC

Introduction

We have been instructed by the Company to review the financial information for the 28 weeks ended 14 April 2007 which comprises the Group income statement, Group statement of recognised income and expense, Group balance sheet, Group cash flow statement and the related Notes 1 to 15. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' 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, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the 28 weeks ended 14 April 2007.

Ernst & Young LLP
London
21 May 2007