

# **Mitchells & Butlers Retail Limited**

## **Unaudited Semi-Annual Financial Statements**

For the 28 weeks ended 10 April 2010

*Registered Number: 24542*

# Mitchells & Butlers Retail Limited

## PROFIT AND LOSS ACCOUNT for the 28 weeks ended 10 April 2010

		<i>28 weeks ended 10 April 2010</i>	<i>28 weeks ended 11 April 2009</i>	<i>52 weeks ended 26 September 2009</i>
	<i>Notes</i>	<i>Unaudited £m</i>	<i>Unaudited £m</i>	<i>£m</i>
<b>TURNOVER</b>		<b>866</b>	862	1,632
Cost and overheads		<b>(735)</b>	(748)	(1,492)
		<hr/>	<hr/>	<hr/>
<b>OPERATING PROFIT</b>	2	<b>131</b>	114	140
<b>NON-OPERATING EXCEPTIONAL ITEMS:</b>				
Profit/(loss) on sale of fixed assets		<b>5</b>	(2)	(5)
		<hr/>	<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		<b>136</b>	112	135
Interest receivable and similar income	3	-	4	4
Interest payable and similar charges	3	<b>(73)</b>	(75)	(138)
		<hr/>	<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>63</b>	41	1
Tax on profit on ordinary activities	4	<b>1</b>	24	90
		<hr/>	<hr/>	<hr/>
<b>PROFIT FOR THE PERIOD</b>		<b>64</b>	65	91
		<hr/>	<hr/>	<hr/>

All turnover and costs are derived from continuing operations.

## Mitchells & Butlers Retail Limited

### RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS for the 28 weeks ended 10 April 2010

	<i>28 weeks ended 10 April 2010 Unaudited £m</i>	<i>28 weeks ended 11 April 2009 Unaudited £m</i>	<i>52 weeks ended 26 September 2009 £m</i>
<i>Note</i>			
<b>RETAINED PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	<b>64</b>	65	91
Impairment of tangible fixed assets charged to revaluation reserve	-	-	15
Dividends	5 (57)	(60)	(119)
	<hr/>	<hr/>	<hr/>
<b>NET INCREASE/(DECREASE) IN SHAREHOLDERS' FUNDS</b>	<b>7</b>	5	(13)
	<hr/>	<hr/>	<hr/>
Opening shareholders' funds	<b>2,954</b>	2,967	2,967
	<hr/>	<hr/>	<hr/>
<b>CLOSING SHAREHOLDERS' FUNDS</b>	<b>2,961</b>	2,972	2,954
	<hr/>	<hr/>	<hr/>

# Mitchells & Butlers Retail Limited

BALANCE SHEET  
at 10 April 2010

Registered Number: 24542

		<i>10</i> <i>April</i> <i>2010</i> <i>Unaudited</i>	<i>11</i> <i>April</i> <i>2009</i> <i>Unaudited</i>	<i>26</i> <i>September</i> <i>2009</i>
	<i>Notes</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
<b>FIXED ASSETS</b>				
Tangible assets		3,766	3,902	3,787
Investments		21	21	21
		<u>3,787</u>	<u>3,923</u>	<u>3,808</u>
<b>CURRENT ASSETS</b>				
Stocks		22	25	22
Debtors: amounts due within one year				
Loan to Mitchells & Butlers Retail Holdings Limited	6	1,362	1,362	1,362
Loan to Mitchells & Butlers plc	6	282	277	282
Other debtors		22	35	18
Investments		10	-	-
Cash at bank and in hand		86	82	91
		<u>1,784</u>	<u>1,781</u>	<u>1,775</u>
<b>CREDITORS:</b> amounts falling due within one year				
Term Advances with Mitchells & Butlers Finance plc	7	(55)	(43)	(47)
Other		(226)	(285)	(229)
		<u>1,503</u>	<u>1,453</u>	<u>1,499</u>
<b>NET CURRENT ASSETS</b>				
		<u>5,290</u>	<u>5,376</u>	<u>5,307</u>
<b>CREDITORS:</b> amounts falling due after more than one year				
Term Advances with Mitchells & Butlers Finance plc	7	(2,247)	(2,302)	(2,270)
Other		(1)	(1)	(1)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>				
Deferred taxation		(81)	(101)	(82)
		<u>2,961</u>	<u>2,972</u>	<u>2,954</u>
<b>NET ASSETS</b>				
		<u>2,961</u>	<u>2,972</u>	<u>2,954</u>
<b>CAPITAL AND RESERVES</b>				
Share capital		4	4	4
Share premium account		1,561	1,561	1,561
Revaluation reserve		1,176	1,169	1,179
Profit and loss account		220	238	210
		<u>2,961</u>	<u>2,972</u>	<u>2,954</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>				
		<u>2,961</u>	<u>2,972</u>	<u>2,954</u>

# Mitchells & Butlers Retail Limited

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## NOTES TO THE SEMI-ANNUAL FINANCIAL STATEMENTS at 10 April 2010

### 1. BASIS OF PREPARATION

On 13 November 2003, the Mitchells & Butlers group refinanced its debt by raising £1,900m through a securitisation of the majority of its UK pubs and restaurants whereby Mitchells & Butlers Finance plc, a fellow subsidiary within the Mitchells & Butlers group, issued £1,900m of secured loan notes to third party investors and on-lent the proceeds to Mitchells & Butlers Retail Limited ('the Company') under an Issuer/Borrower Facility Agreement dated 13 November 2003 (the "Agreement"). On 15 September 2006, Mitchells & Butlers Finance plc issued an incremental £655m of secured loan notes to third party investors, in addition to refinancing £450m of Floating Rate Notes and on-lent the proceeds to the Company under the Agreement as amended and restated. Further details of the amounts advanced under this Agreement are contained in Note 7 to the financial statements.

These semi-annual financial statements have been prepared in order to meet the financial reporting requirements included in the Agreement. A reconciliation of information contained in these financial statements to a separately issued Interim Investor Report is attached as a supplementary schedule to these accounts.

The semi-annual financial statements, which are unaudited, continue to comply with relevant accounting standards under UK GAAP and should be read in conjunction with the Company's audited financial statements for the 52 weeks ended 26 September 2009. They have been prepared on a consistent basis using the accounting policies set out in those financial statements.

The semi-annual financial statements do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006.

The financial information for the 52 weeks ended 26 September 2009 has been extracted from the Company's published financial statements for that year, which contain an unqualified audit report and which have been filed with the Registrar of Companies.

The periods ended 10 April 2010 and 11 April 2009 are regarded as distinct financial periods for accounting purposes; income and costs are recognised in the profit and loss account as they arise; tax is calculated on the basis of the expected effective tax rate for the full year.

### 2. OPERATING PROFIT

	<i>28 weeks ended 10 April 2010 Unaudited £m</i>	<i>28 weeks ended 11 April 2009 Unaudited £m</i>	<i>52 weeks ended 26 September 2009 £m</i>
EBITDA	187	175	358
Depreciation	(56)	(57)	(104)
Impairment charge in respect of tangible fixed assets	-	(4)	(114)
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Operating Profit	131	114	140
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# Mitchells & Butlers Retail Limited

## NOTES TO THE SEMI-ANNUAL FINANCIAL STATEMENTS at 10 April 2010

### 3. INTEREST (PAYABLE)/RECEIVABLE AND SIMILAR CHARGES

	<i>28 weeks ended 10 April 2010 Unaudited £m</i>	<i>28 weeks ended 11 April 2009 Unaudited £m</i>	<i>52 weeks ended 26 September 2009 £m</i>
Interest payable to Mitchells & Butlers Finance plc	<u>(73)</u>	<u>(75)</u>	<u>(138)</u>
Interest receivable			
- Exceptional interest on tax credits	-	3	3
- Other	-	1	1
	<u>-</u>	<u>4</u>	<u>4</u>
Total interest receivable	<u>-</u>	<u>4</u>	<u>4</u>

### 4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<i>28 weeks ended 10 April 2010 Unaudited £m</i>	<i>28 weeks ended 11 April 2009 Unaudited £m</i>	<i>52 weeks ended 26 September 2009 £m</i>
UK corporation tax	<b>16</b>	14	48
Group relief received for nominal consideration	<b>(16)</b>	(14)	(48)
Deferred tax	<b>(1)</b>	(2)	(22)
Corporation tax – prior year	-	(22)	(68)
	<u><b>(1)</b></u>	<u>(24)</u>	<u>(90)</u>
Further analysed as tax relating to:			
Operating profit before exceptional items	-	(8)	(67)
Exceptional items – deferred tax	<b>(1)</b>	(1)	(25)
– corporation tax	-	(15)	2
	<u><b>(1)</b></u>	<u>(24)</u>	<u>(90)</u>

### 5. DIVIDENDS

During the period, the Company has paid interim dividends totalling £57m (2009: 28 weeks £60m, 52 weeks £119m), to its immediate parent undertaking, Mitchells & Butlers Retail Holdings Limited, as permitted by the terms of the securitisation.

# Mitchells & Butlers Retail Limited

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## NOTES TO THE SEMI-ANNUAL FINANCIAL STATEMENTS at 10 April 2010

### 6. LOANS TO MITCHELLS & BUTLERS RETAIL HOLDINGS LIMITED AND MITCHELLS & BUTLERS PLC

The loans to Mitchells & Butlers Retail Holdings Limited and Mitchells & Butlers plc are non-interest bearing.

### 7. TERM ADVANCES WITH MITCHELLS & BUTLERS FINANCE PLC

Under an Issuer/Borrower Facility Agreement dated 13 November 2003 (see Note 1), amended and restated on 15 September 2006, the Company borrowed £1,900m from Mitchells & Butlers Finance plc in the following six tranches:

- Class A1N floating rate Term Advance for £200m due 2030
- Class A2 5.584% Term Advance for £550m due 2030
- Class A3N floating rate Term Advance for £250m due 2030
- Class B1 5.975% Term Advance for £350m due 2025
- Class B2 6.023% Term Advance for £350m due 2030
- Class C1 6.479% Term Advance for £200m due 2032

On 15 September 2006, the Company borrowed a further £655m from Mitchells & Butlers Finance plc in the following four tranches. As part of the transaction, the original A1 and A3 Term Advances were repaid and reissued as A1N and A3N Term Advances to take advantage of market rates.

- Class A4 floating rate Term Advance for £170m due 2030
- Class AB floating rate Term Advance for £325m due 2034
- Class C2 floating rate Term Advance for £50m due 2036
- Class D1 floating rate Term Advance for £110m due 2038

Interest and margin is payable on the floating rate Term Advances as follows:

Tranche	Interest	Margin	Margin step-up date	Post step-up margin
A1N	3 month LIBOR	0.19%	December 2010	0.46%
A3N	3 month LIBOR	0.19%	December 2010	0.46%
A4	3 month LIBOR	0.24%	December 2013	0.59%
AB	3 month LIBOR	0.25%	December 2013	0.61%
C2	3 month LIBOR	0.76%	December 2013	1.89%
D1	3 month LIBOR	0.86%	December 2013	2.14%

In order to mitigate the interest rate risk inherent in the floating rate Term Advances, the Company entered into interest rate hedging arrangements with Mitchells & Butlers Finance plc which fix the interest rate payable.

The Term Advances are secured on the Company's assets and future income streams therefrom.

The Issuer/Borrower Facility Agreement includes customary covenants, warranties and events of default.

# Mitchells & Butlers Retail Limited

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## NOTES TO THE SEMI-ANNUAL FINANCIAL STATEMENTS at 10 April 2010

### 7. TERM ADVANCES WITH MITCHELLS & BUTLERS FINANCE PLC (CONTINUED)

The carrying value of the Term Advances at 10 April 2010 is analysed as follows:

	<b>£m</b>
Principal outstanding at 26 September 2009	2,330
Principal repaid during the period	(23)
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Principal outstanding at 10 April 2010	<b>2,307</b>
Deferred finance costs	(14)
Accrued interest	9
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Carrying value at 10 April 2010	<b>2,302</b>
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Maturity profile:	
Amounts falling due within one year	<b>55</b>
Amounts falling due after more than one year	<b>2,247</b>
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	<b>2,302</b>
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Under a Guarantee and Reimbursement Agreement, Ambac Assurance UK Limited (“Ambac”), a financial guarantee insurance company, agreed to act as a guarantor of MAB Retail’s financial obligations to MAB Finance under the Agreement. Ambac’s guarantee of MAB Finance’s obligations to repay interest and principal on the loan notes in the event that MAB Finance is unable to pay such amounts is limited to the Class A and Class AB noteholders only.

### 8. CONTINGENT LIABILITIES

Pursuant to the securitisation of the business of Mitchells & Butlers Retail Limited on 13 November 2003, the Company is jointly and severally liable with various other companies within the Mitchells & Butlers group, for all advances made by Mitchells & Butlers Finance plc to the Company and other companies within the Mitchells & Butlers group, under an Issuer/Borrower Facility Agreement dated 13 November 2003, as amended and restated on 15 September 2006.

On 13 November 2003, the Company and certain other members of the Mitchells & Butlers group granted full fixed and floating security over their respective assets and undertakings.

The Company has entered into swap arrangements with Mitchells & Butlers Finance plc which convert underlying borrowings with an effective principal of £1,105m from floating rate interest payable to fixed rate interest payable.



SUPPLEMENTARY INFORMATION – RECONCILIATIONS TO THE INTERIM INVESTOR REPORT: 10 APRIL 2010

	<i>Q1 Investor Report</i>	<i>Q2 Investor Report</i>	<i>Q1 + Q2 Interim Investor Report</i>	<i>Semi-Annual Financial Statements</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Turnover	489.1	376.9	866.0	<b>866</b>
Operating expenses	(419.1)	(316.3)	(735.4)	<b>(735)</b>
Operating profit	70.0	60.6	130.6	<b>131</b>
Depreciation	31.5	24.2	55.7	<b>56</b>
EBITDA	101.5	84.8	186.3	<b>187</b>