MITCHELLS & BUTLERS PLC

18 May 2012

HALF YEAR RESULTS
(For the 28 weeks ended 7 April 2012)

Resilient operating performance; business transformation programme underway

Financial performance

- Retained Estate[a] revenue growth of 6.3% to £969m, with like-for-like[b] growth of 2.7%
- Retained Estate[a] operating profit up 1.5% to £138m before exceptional items, with net operating margin[c] down 0.7 percentage points as a result of inflationary cost increases in energy and food
- Exceptional operating costs of £20m include £14m of business and systems restructuring costs, delivering annualised savings of £10m
- Adjusted earnings per share[d] up 10.6% to 12.5p after lower interest and tax charges
- Net cash flow of £12m after expansionary capital and exceptional items
- Net debt of £1.9bn representing 4.6 times EBITDA[e]

Statutory results

- Profit before tax down £1m to £42m
- Basic earnings per share down 0.3p to 8.8p

Brand roll-out

- 35 new site openings and 7 conversions in the period with expansionary capex of £42m
- 200th Harvester opened, a major milestone for the brand
- EBITDA returns of 17% achieved on expansionary capex invested over the last two years

Strategic progress

- Business transformation programme underway, simplifying our support functions and sharpening focus on guest service throughout all areas of the business
- IT infrastructure upgraded, laying the foundation for technological enhancements including wi-fi rollout and a faster menu development cycle
- Service quality enhanced through increased investment in site-level operations

Bob Ivell, Executive Chairman, commented:

"We have remained firmly on the front foot with a relentless focus on actions that will drive the medium and long term success of the business. We are continuing to deliver a resilient operating performance, maintaining the roll-out of our industry-leading brands and progressing our major business change programme. I am pleased with the progress being made to appoint a new CEO and further Non-Executive Directors and look forward to being able to make an announcement at the appropriate time.

Despite challenging trading conditions, we remain confident that we can deliver a full year result in line with expectations."

Definitions

a – The Retained Estate comprises the ongoing business. It excludes the major disposal of 333 non-core pubs in November 2010.
b – Like-for-like sales growth includes the sales performance against the comparable period in the prior year of all UK managed pubs that were trading in the two periods being compared. For the 28 weeks to 7 April 2012, 92% of the UK managed estate is included in this measure.
c – Net operating margin is Retained Estate operating profit before exceptional items divided by Retained Estate revenue.
d – Adjusted earnings per share is profit after tax before exceptional items and other adjustments, divided by the weighted average number of ordinary shares in issue.
e – EBITDA used is from the Retained Estate before exceptional items for the 52 weeks to 7 April 2012.

There will be a presentation for analysts and investors at 9.30am at Nomura International plc, 1 Angel Lane, London, EC4R 3AB. A live webcast of the presentation will be available at www.mbplc.com. The conference will also be accessible by phone: +44 (0) 203 059 8125 and quote "Mitchells & Butlers". The replay will be available until 1 June 2012 on +44 (0) 121 260 4861 replay access pin 7959697#.

All disclosed documents relating to these results are available on the Group's website at www.mbplc.com

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Notes for editors:

- Mitchells & Butlers is the leading operator of restaurants and pubs in the UK. Its portfolio of brands and formats includes Harvester, Toby Carvery, Vintage Inns, Premium Country Dining Group, Crown Carveries, Sizzling Pubs, All Bar One, Browns, Miller & Carter, Metro Professionals, Alex, Nicholson's, O'Neill's and Ember Inns. Further details are available at www.mbplc.com and supporting photography can be downloaded at www.mbplc.com/imagelibrary

- Mitchells & Butlers serves around 125 million meals and 425 million drinks each year and is one of the largest operators within the UK's £68 billion eating and drinking out market.

BUSINESS REVIEW

Mitchells & Butlers is the UK's largest operator of managed restaurants and pubs, with a leading portfolio of well-recognised brands and a high quality freehold estate. Nearly three quarters of our sales relate to guests using our businesses to eat. We are:

1. **Continuing to deliver a resilient operating performance**
2. **Maintaining the roll-out of our industry-leading brands**
3. **Progressing a major business change programme**

1. Continuing to deliver a resilient operating performance

Our operations teams have delivered growth in both sales and operating profit in the Retained Estate of 6.3% and 1.5% respectively (before exceptional items and other adjustments) with adjusted earnings per share up by 10.6%, despite the difficult trading environment.

Like-for-like sales growth driven by food: Sales growth was driven by our ability to capture growth in food sales, which were up 9.4% in total. The table below shows like-for-like sales growth to the end of the half year:

Like-for-like sales growth	Trading to IMS 17 weeks to 21 January 2012	Since IMS 11 weeks to 7 April 2012	Total 28 weeks to 7 April 2012
Total	4.4%	0.2%	2.7%
Food	5.1%	0.9%	3.4%
Drink	4.3%	(0.8)%	2.2%

Subsequently, following a poor April impacted by the persistent rain, like-for-like sales growth in the first 33 weeks (to 12 May 2012) fell to 2.0%.

We continue to outperform the market* consistently in challenging economic conditions by offering good value for money to our customers. Demand on key trading days in particular has remained strong, with like-for-like sales up 5.4% over the Valentine's Day weekend and 4.5% over the most recent May Day bank holiday weekend.

* Market measured as the Coffer Peach Business Tracker

Margin affected by cost headwinds and investment in service: In the period, inflationary and regulatory cost pressures continued to have an adverse impact on profitability. Alongside this, we have invested a higher percentage of our income into site-level employment costs which, despite a short term adverse impact on margin, has driven our guest satisfaction scores to record levels. Overall, Retained Estate operating margins (before exceptional items and other adjustments) were down 0.7 percentage points to 14.2%.

2. Maintaining the roll-out of our industry-leading brands

Our restaurants and pubs are some of the largest in the industry with an average weekly take of £22k.

Brand roll-out programme remains on track: We have opened 35 new sites in the first half, creating over 1,200 new jobs, and converted 7 existing sites, largely completing the current conversion programme. 27 of the new openings are leasehold sites, and, of these, 24 are on leisure or retail parks, taking the total number of sites in or next to these locations to around 80 across the estate. We remain on track to open a total of approximately 55 new or converted sites in FY 2012.

An important milestone during the period was the opening of the 200th Harvester at the Pavilions shopping centre in Peterborough. Following the recent modernisation of the brand's design, signage and menu, as well as increasing public awareness through our TV advertising campaigns, Harvester won the Peach Report's Evolutionary Brand award in November.

Capital returns: EBITDA returns on expansionary capital invested over the last two financial years are at 17%, down from 21% as at the FY 2011 Final Results, due in part to the cost pressures described above. Returns on single site leasehold acquisitions, which form the bulk of the acquisition programme going forward, remained attractive at 26% and we continue to see a strong pipeline in this area as we consolidate our entry into the retail and leisure park market. Returns on freehold acquisitions were 14% and on the residual conversion programme were 15%. Returns from packaged leasehold acquisitions were 14%, as a result of lower than expected sales levels.

3. Progressing a major business change programme

We are fundamentally changing the way we work to improve our focus on our guests, our people, our practices and our profits. The actions below are focused on driving like-for-like sales growth, effectively supporting the business with a reduced cost base and delivering the Company's vision: "People love to eat and drink with us".

Simplification of organisational structure: we have simplified central support functions to increase the focus on our guests throughout all areas of the business; to clarify accountabilities and responsibilities; and to improve the pace of decision making through reduced bureaucracy. In total, around 90 roles will be removed from our support functions, representing a reduction of approximately 11%. Alongside this, we have reinvested to strengthen selected areas focused mainly on talent development, service enhancement and operational efficiency.

Supporting outstanding customer service delivery: the next phase of the programme includes embedding the new organisational design; redesigning the way the Company operates and providing our teams with the skills, space and motivation to deliver outstanding customer service. We are trialling new ways of working for our managers and teams to deliver a step change in guest service.

Upgraded IT infrastructure: we have also upgraded our IT infrastructure through the implementation of a cloud-based data centre and network systems. These systems have delivered a more robust and flexible back of house system with significant additional capacity for growth. They also facilitate a number of service enhancements, for example free wi-fi is now being rolled out across the entire estate. The system provides for additional functionality in the future such as improved kitchen and table management systems, customer loyalty schemes, new payment mechanisms and faster menu development.

The restructured support functions and IT systems will result in annualised savings of £10m, with a £5m saving in the second half of this year. An exceptional charge of £14m was booked in the first half relating to these activities.

Outlook

The consumer environment remains challenging however cost inflationary pressures are expected to ease marginally in the second half of the year. Overall, Mitchells & Butlers' strong portfolio of assets, brands and operating capabilities, allied to the benefits from the ongoing business transformation process, leave us well placed to grow the business.

FINANCIAL REVIEW

Total Group results

Group revenue was up 2.4% to £969m and operating profit down 5.6% to £118m after operating exceptional costs of £20m (H1 2011: £16m). Total Group results include discontinued operations, comprising 333 non-core pubs sold in the previous financial year, which contributed sales of £34m and operating profits of £5m in H1 2011. Commentary on the continuing operations – the Retained Estate – is made below.

Net interest costs were £76m, down from £82m in the first half of last year due to the repayment and cancellation of the unsecured facility in February 2011, primarily with the proceeds from disposal of the non-core pubs.

The tax charge for the period was £6m, consisting of £17m charged against profit before exceptional items and an exceptional tax credit of £11m. Tax on profit before exceptional items is at an effective rate of 25% (H1 2011: 27%).

Basic earnings per share were 8.8p, down marginally on 9.1p in H1 2011. Before exceptional items and other adjustments, earnings per share were 12.5p, up 10.6% against the first half of last year.

Retained Estate results

	H1 2012 £m	H1 2011 £m	% growth
Revenue	969	912	6.3
Operating profit pre-exceptionals	138	136	1.5
Operating margin pre-exceptionals	14.2%	14.9%	(0.7) ppts
Operating exceptional items	(20)	(16)	
Operating profit	118	120	(1.7)

The Retained Estate comprises the ongoing business. It excludes the major disposal of 333 non-core pubs in November 2010.

Total Retained Estate revenues increased by 6.3% in the first half to £969m, with food sales up 9.4% and drink sales up 4.8%.

On a like-for-like basis in the first half, sales were up 2.7%, with food sales up 3.4% and drink sales up 2.2%. Sales growth was driven by increases in food spend per head of 4.2% and average drink spend of 6.2%, despite a decline in like-for-like main meal volumes of 0.7% and drink volumes of 3.7%.

Operating profit before exceptional items increased 1.5% to £138m although the operating margin was down 0.7 percentage points compared to H1 2011 at 14.2%. Margins were impacted by increases in energy and food cost prices of £13m. Continuing regulatory cost increases in alcohol duty, the national minimum wage, the Carbon Reduction Charge and business rates reduced operating profits by £12m in the period.

Exceptional items and other adjustments

Exceptional items in the first half of the year reduced operating profit by £20m (FY 2011: £16m) and profit before tax by £26m (FY 2011: £20m). These items include a £6m charge for professional fees and other costs relating to the approach from Piedmont Inc in September 2011 and £14m of costs relating to the internal restructuring and IT reorganisation which will result in £10m of annualised savings.

The net pensions finance charge was £6m and an exceptional deferred tax credit of £6m has been recognised relating to the reduction in the UK standard rate of corporation tax.

Dividends

The Board continues to monitor operating cash flow generation and capital investment opportunities before taking a decision on the timing and quantum of the resumption of dividend payments.

Capital expenditure

Total capital expenditure in the first half was £90m, £9m lower than in the first half of FY 2011. Of this, £42m was invested in expansionary capital as outlined in the Business Review and £43m was spent on refurbishing and enhancing the level of amenity in our estate. A further £5m was spent on infrastructure projects, including improvements in the energy efficiency of our restaurants and pubs.

Cash flow and balance sheet

Net cash flow of £12m in the first half was generated as follows:

	H1 2012 £m	H1 2011 £m
EBITDA	198	199
Working capital / non cash items	8	(28)
Maintenance capex	(48)	(46)
Trading cash flow	158	125
Net interest paid	(63)	(69)
Tax	(10)	(8)
Pension deficit contributions	(20)	(20)
Free cash flow	65	28
Expansionary capex	(42)	(53)
Disposals	3	417
Exceptional items	(14)	-
Net cash flow	12	392

Strong trading cash flow of £158m in the first half of the year was £33m higher than the first half of last year. This was largely as a result of a working capital inflow of £6m in H1 2012 compared to an outflow of £33m in the first half last year, the latter due to the timing of a number of insurance and payroll costs as well as the impact of the disposal of pubs to Stonegate Pub Company. After pension deficit contributions, tax, interest, capital expenditure and exceptional items, £12m of net cash was generated by the business in the first half.

Net debt reduced to £1,864m, with net debt of £2,071m within the securitisation. Net cash held outside the securitisation was £207m. Total Group net debt is a multiple of 4.6 times Retained Estate EBITDA in the 52 weeks ending 7 April 2012, down from 4.7 times at the last year end.

Pensions

Over the period the pre-tax IAS19 deficit on the group defined benefit pension schemes increased to £57.5m (FY2011: £36.7m) due to the combined effect of a lower discount rate and higher inflation more than offsetting company contributions and a positive return on scheme assets.

Following the previous actuarial valuation, as at March 2010, the company has agreed to contribute £40m per annum towards recovery of the schemes' deficits, which were assessed at that time at £400m. The next valuation is scheduled as at March 2013 at which time the funding position and recovery plan will be reassessed. The prevailing low level of real gilt yields will put upward pressure on the measurement of the deficit should it persist to that time.

53 weeks in FY 2012

Full year financial results for FY 2012 will be made up of trading for 53 weeks to 29 September 2012. FY 2013 will then revert to the standard 52 week period.

KEY PERFORMANCE INDICATORS

Mitchells & Butlers implements and monitors its performance against its strategy principally through three KPIs. The performance was as follows:

1. Same outlet like-for-like sales growth – Mitchells & Butlers' operational and marketing plans have delivered like-for-like sales growth of 2.0% in the first 33 weeks of FY12 (3.3% in the first 33 weeks of FY11).

2. EPS growth – After lower interest and tax charges adjusted EPS has increased from 11.3p in H1 FY11 to 12.5p in H1 FY12.

3. Incremental return on expansionary capital – Pre-tax EBITDA returns of 17% are being achieved on expansionary capital projects carried out over the last two financial years.

RISK FACTORS AND UNCERTAINTIES

The risks and uncertainties that affect the company remain unchanged and are set out on pages 10-11 of the 2011 Annual report and accounts which is available on the Mitchells & Butlers web site at www.mbplc.com. In summary, these are:

1. Market driven risks – consumer taste and brand management, pricing and market changes
2. Operational risk – investment in acquisitions and conversions, people planning and development, energy price increases, cost of goods price increases, business continuity and crisis management
3. Finance risks – borrowing covenants, pension fund deficit
4. Regulatory risks – health and safety

GROUP CONDENSED INCOME STATEMENT
for the 28 weeks ended 7 April 2012

	2012 28 weeks (Unaudited)		2011 28 weeks (Unaudited)		2011 52 weeks (Audited)	
	Before exceptional items and other adjustments[a] £m	**Total £m**	Before exceptional items and other adjustments[a] £m	Total £m	Before exceptional items and other adjustments[a] £m	Total £m
Revenue (note 2)	**969**	**969**	946	946	1,796	1,796
Operating costs before depreciation, amortisation and movements in the valuation of the property portfolio	**(771)**	**(791)**	(747)	(760)	(1,392)	(1,405)
Net profit/(loss) arising on property disposals	**-**	**-**	-	(3)	-	(4)
EBITDA[b]	**198**	**178**	199	183	404	387
Depreciation, amortisation and movements in the valuation of the property portfolio	**(60)**	**(60)**	(58)	(58)	(110)	(112)
Operating profit	**138**	**118**	141	125	294	275
Finance costs (note 4)	**(71)**	**(71)**	(79)	(79)	(141)	(141)
Finance revenue (note 4)	**1**	**1**	1	1	3	3
Net finance charge from pensions (note 4)	**-**	**(6)**	-	(4)	-	(5)
Profit before tax	**68**	**42**	63	43	156	132
Tax expense (note 5)	**(17)**	**(6)**	(17)	(6)	(42)	(7)
Profit for the period	**51**	**36**	46	37	114	125
Earnings per ordinary share (note 6):						
Basic	**12.5p**	**8.8p**	11.3p	9.1p	28.0p	30.7p
Diluted	**12.4p**	**8.7p**	11.2p	9.0p	27.7p	30.5p

a Exceptional items and other adjustments are explained in note 1 and analysed in note 3.
b Earnings before interest, tax, depreciation, amortisation and movements in the valuation of the property portfolio.

All activities relate to continuing operations.

GROUP CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the 28 weeks ended 7 April 2012

	2012 28 weeks £m (Unaudited)	2011 28 weeks £m (Unaudited)	2011 52 weeks £m (Audited)
Profit for the period	**36**	37	125
Other comprehensive income / expense:			
Unrealised gain on revaluation of the property portfolio	**-**	-	73
Actuarial (losses)/gains on defined benefit pension schemes (note 12)	**(35)**	102	84
Exchange differences on translation of foreign operations	**(1)**	-	-
Cash flow hedges:			
- (Losses)/gains arising during the period	**(18)**	63	(118)
- Reclassification adjustments for losses included in profit or loss	**28**	32	37
Other comprehensive (loss)/income	**(26)**	197	76
Tax relating to items of other comprehensive (loss)/income	**18**	(28)	(9)
Other comprehensive (loss)/income after tax	**(8)**	169	67
Total comprehensive income for the period	**28**	206	192

GROUP CONDENSED BALANCE SHEET
7 April 2012

ASSETS	**2012 7 April £m (Unaudited)**	2011 9 April £m (Unaudited)	2011 24 September £m (Audited)
Goodwill and other intangible assets (note 7)	**10**	9	10
Property, plant and equipment (note 7)	**3,876**	3,719	3,848
Lease premiums	**4**	6	6
Deferred tax asset	**81**	41	83
Derivative financial instruments	**12**	5	18
Total non-current assets	**3,983**	3,780	3,965
Inventories	**28**	26	25
Trade and other receivables	**73**	94	70
Other cash deposits (note 9)	**25**	50	50
Cash and cash equivalents (note 9)	**318**	288	306
Total current assets	**444**	458	451
Assets held for sale	**-**	44	-
Total assets	**4,427**	4,282	4,416
LIABILITIES			
Borrowings	**(50)**	(50)	(49)
Derivative financial instruments	**(42)**	(45)	(44)
Trade and other payables	**(317)**	(324)	(298)
Current tax liabilities	**(18)**	(8)	(17)
Total current liabilities	**(427)**	(427)	(408)
Borrowings	**(2,170)**	(2,213)	(2,197)
Derivative financial instruments	**(228)**	(58)	(235)
Other payables	**(12)**	(12)	(12)
Pension liabilities (note 12)	**(58)**	(35)	(37)
Deferred tax liabilities	**(404)**	(426)	(429)
Provisions	**(6)**	(6)	(6)
Total non-current liabilities	**(2,878)**	(2,750)	(2,916)
Total liabilities	**(3,305)**	(3,177)	(3,324)
Net assets	**1,122**	1,105	1,092
EQUITY			
Called up share capital	**35**	35	35
Share premium account	**21**	21	21
Capital redemption reserve	**3**	3	3
Revaluation reserve	**777**	698	768
Own shares held	**(5)**	(5)	(5)
Hedging reserve	**(209)**	(81)	(214)
Translation reserve	**11**	12	12
Retained earnings	**489**	422	472
Total equity	**1,122**	1,105	1,092

GROUP CONDENSED CASH FLOW STATEMENT
for the 28 weeks ended 7 April 2012

	2012 28 weeks £m (Unaudited)	2011 28 weeks £m (Unaudited)	2011 52 weeks £m (Audited)
Cash flow from operations (pre exceptional items) (note 8)	**186**	149	336
Cash flow from exceptional items	**(14)**	-	-
Cash flow from operations	**172**	**149**	**336**
Interest paid	**(64)**	(70)	(137)
Interest received	**1**	1	3
Tax paid	**(10)**	(8)	(20)
Net cash from operating activities	**99**	72	182
Investing activities			
Acquisition of Ha Ha Bar and Grill Limited	**-**	(20)	(20)
Acquisition of Intertain (Dining) Limited	**-**	-	(4)
Purchases of property, plant and equipment	**(90)**	(76)	(144)
Purchases of intangibles (computer software)	**-**	(3)	(4)
Proceeds from sale of property, plant and equipment	**3**	23	28
Proceeds from disposal of assets held for sale	**-**	394	396
Transfers from/(to) other cash deposits	**25**	(50)	(50)
Net cash (used in) / from investing activities	**(62)**	268	202
Financing activities			
Issue of ordinary share capital	**-**	1	1
Proceeds on release of own shares	**-**	1	1
Repayment of principal in respect of securitised debt	**(25)**	(24)	(49)
Repayment of principal in respect of other borrowings	**-**	(258)	(259)
Net cash used in financing activities	**(25)**	(280)	(306)
Net increase in cash and cash equivalents (note 10)	**12**	60	78
Cash and cash equivalents at the beginning of the period	**306**	228	228
Cash and cash equivalents at the end of the period	**318**	288	306

Cash and cash equivalents are defined in note 9.

GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY
for the 28 weeks ended 7 April 2012

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Revaluation reserve £m	Own shares held £m	Hedging reserve £m	Translation of foreign operations £m	Retained earnings £m	**Total equity £m**
At 25 September 2010 (Audited)	**35**	**20**	**3**	**747**	**(8)**	**(149)**	**12**	**234**	**894**
Profit for the period	-	-	-	-	-	-	-	37	**37**
Other comprehensive income	-	-	-	9	-	68	-	92	**169**
Total comprehensive income	-	-	-	9	-	68	-	129	**206**
Share capital issued	-	1	-	-	-	-	-	-	**1**
Release of own shares	-	-	-	-	3	-	-	(2)	**1**
Credit in respect of share-based payments	-	-	-	-	-	-	-	4	**4**
Revaluation reserve realised on disposal of properties	-	-	-	(58)	-	-	-	58	**-**
Tax on share-based payments taken directly to equity	-	-	-	-	-	-	-	(1)	**(1)**
At 9 April 2011 (Unaudited)	**35**	**21**	**3**	**698**	**(5)**	**(81)**	**12**	**422**	**1,105**
Profit for the period	-	-	-	-	-	-	-	88	**88**
Other comprehensive income/(loss)	-	-	-	80	-	(133)	-	(49)	**(102)**
Total comprehensive income/(loss)	-	-	-	80	-	(133)	-	39	**(14)**
Credit in respect of share-based payments	-	-	-	-	-	-	-	2	**2**
Revaluation reserve realised on disposal of properties	-	-	-	(10)	-	-	-	10	**-**
Tax on share-based payments taken directly to equity	-	-	-	-	-	-	-	(1)	**(1)**
At 24 September 2011 (Audited)	**35**	**21**	**3**	**768**	**(5)**	**(214)**	**12**	**472**	**1,092**
Profit for the period	-	-	-	-	-	-	-	36	**36**
Other comprehensive income/(loss)	-	-	-	9	-	5	(1)	(21)	**(8)**
Total comprehensive income/(loss)	-	-	-	9	-	5	(1)	15	**28**
Credit in respect of share-based payments	-	-	-	-	-	-	-	2	**2**
At 7 April 2012 (Unaudited)	**35**	**21**	**3**	**777**	**(5)**	**(209)**	**11**	**489**	**1,122**

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Basis of preparation and accounting policies
The interim financial information has been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' as adopted by the European Union and complies with the provisions of the Companies Act 2006. It should be read in conjunction with the Annual Report and Accounts 2011.

The interim financial information is unaudited and does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. It was approved by a duly appointed and authorised committee of the Board of Directors on 17 May 2012. The financial information for the year ended 24 September 2011 is extracted from the Annual Accounts for the 52 weeks ended 24 September 2011, which have been delivered to the Registrar and have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The auditor report by Deloitte LLP on the Annual Accounts for the 52 weeks ended 24 September 2011 was not qualified, and did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The interim financial information has been prepared on a consistent basis using the accounting policies set out in the Annual Report and Accounts 2011. Details of these accounting policies can also be accessed within the investors section of the Group's website at www.mbplc.com.

Adjusted profit
In addition to presenting information on an IFRS basis, the Group also presents adjusted profit and earnings per share information that excludes exceptional items and other adjustments. This information is disclosed to allow a better understanding of the underlying trading performance of the Group and is consistent with the Group's internal management reporting. Exceptional items including profits and losses on the disposal of properties and movements in the valuation of the property portfolio, are identified by virtue of either their size or incidence to assist comparison with prior periods and understanding of the underlying trends in financial performance. Other adjustments comprise the IAS 19 net pensions finance charge. Further information is available in the Annual Report and Accounts 2011 and in note 3.

Going Concern
The Group's available secured debt, combined with the strong cash flows generated by the business, support the Directors' view that the Group has sufficient facilities available to it to meet its foreseeable working capital requirements. The Directors have concluded therefore that the going concern basis remains appropriate.

2 SEGMENTAL ANALYSIS

IFRS 8 Operating Segments requires operating segments to be based on the Group's internal reporting to its Chief Operating Decision Maker ("CODM"). The CODM is regarded as the Executive Chairman and the other Board members. The CODM uses profit before interest and exceptional items (operating profit pre exceptionals) as the key measure of the segment results.

The Group assesses the performance of its retail operating units after incorporating a rental charge and reviews the results and position of the retail operating and property businesses independently.

The retail operating business operates all of the Group's retail operating units and generates all of its external revenue. The property business holds the Group's freehold and long leasehold property portfolio and derives all of its income from the internal rent levied against the Group's retail operating units. The internal rent charge is eliminated at the total Group level.

	Retail Operating Business			Property Business			Total		
	2012 28 wks £m	2011 28 wks £m	2011 52 wks £m	2012 28 wks £m	2011 28 wks £m	2011 52 wks £m	2012 28 wks £m	2011 28 wks £m	2011 52 wks £m
Retained business									
Revenue	**969**	912	1,762	**-**	-	-	**969**	912	1,762
EBITDA pre exceptionals	**95**	92	208	**103**	102	190	**198**	194	398
Operating profit pre exceptionals	**42**	40	110	**96**	96	178	**138**	136	288
Other operations[a]									
Revenue							**-**	34	34
EBITDA pre exceptionals							**-**	5	6
Operating profit pre exceptionals							**-**	5	6
Total business									
Revenue[b]							**969**	946	1,796
EBITDA pre exceptionals							**198**	199	404
Operating profit pre exceptionals							**138**	141	294
Exceptional items & other adjustments							**(20)**	(16)	(19)
Operating profit							**118**	125	275
Net finance costs							**(76)**	(82)	(143)
Profit before tax							**42**	43	132
Tax expense							**(6)**	(6)	(7)
Profit for the financial period							**36**	37	125

a Other operations include sites disposed to Stonegate in November 2010.
b Revenue reported for the year 2011 includes other income in respect of transitional services arrangements following the disposal of pubs during 2011 and also in relation to franchise operations.

3 EXCEPTIONAL ITEMS AND OTHER ADJUSTMENTS

	Notes	**2012 28 weeks £m**	2011 28 weeks £m	2011 52 weeks £m
Operating exceptional items				
Exceptional pension charge	a	**-**	(13)	(13)
Net profit/(loss) arising on property disposals		**-**	(3)	(4)
Movements in the valuation of the property portfolio				
- Reversal arising from the revaluation	b	-	-	8
- Other impairment	b	-	-	(10)
Total movements in the valuation of the property portfolio		**-**	-	(2)
Other exceptional items				
- Bid defence	c	**(6)**	**-**	-
- Business reorganisation	d	**(7)**		
- IT systems reorganisation	d	**(7)**	**-**	-
Net loss arising on other exceptional items		**(20)**	**-**	-
Total operating exceptional items		**(20)**	(16)	(19)
Other adjustments				
Net pensions finance charge (note 12)	e	**(6)**	(4)	(5)
Total exceptional items and other adjustments before tax		**(26)**	(20)	(24)
Tax credit relating to above items		**5**	7	25
Exceptional tax (charge)/credit released in respect of prior years	f	**-**	-	(2)
Tax credit in respect of change in tax legislation	g	**6**	4	12
Total tax credit on exceptional items and other adjustments		**11**	11	35
Total exceptional items and other adjustments after tax		**(15)**	(9)	11

a Relates to a curtailment charge in respect of the closure of the defined benefit pension plans to future accruals which occurred on 12 March 2011, see note 12.

b Movements in the valuation of the property portfolio in prior periods includes £8m of credit arising from the Group's revaluation of its pub estate and £10m of other impairment on assets where their carrying values exceed their recoverable amount.

c Relates to legal and professional fees incurred in the defence of a possible offer made by Piedmont Inc. in September 2011 to purchase all of the remaining company shares. The possible offer was withdrawn on 13 October 2011.

d This relates to the costs of a reorganisation announced by the company on 22 November 2011. Costs are primarily redundancy and severance payments as well as fees in relation to professional advisors and one-off costs connected with the transfer of the IT data centre.

e The net pensions finance charge is a non-cash adjustment which is excluded from adjusted profit.

f The charge in 2011 is an adjustment in respect of prior year disposals.

g A deferred tax credit has been recognised in the current period following the enactment of legislation on 21 March 2012 which lowered the UK standard rate of Corporation Tax from 25% to 24% with effect from 1 April 2012. The prior year deferred tax credit relates to the enactment of legislation on 19 July 2011 which lowered the UK standard rate of Corporation Tax from 27% to 25% with effect from 1 April 2012.

All exceptional items relate to continuing operations.

4 FINANCE COSTS AND FINANCE REVENUE

	2012 28 weeks £m	2011 28 weeks £m	2011 52 weeks £m
Finance costs			
Securitised and other debt – loans and receivables	**(71)**	(79)	(141)
Finance revenue			
Interest receivable - cash	**1**	1	3
Net finance charge in respect of pensions (note 3,12)	**(6)**	(4)	(5)

5 TAX EXPENSE

	2012 28 weeks £m	2011 28 weeks £m	2011 52 weeks £m
Current tax	**11**	7	29
Deferred tax	**(5)**	(1)	(22)
	6	6	7
Further analysed as tax relating to:			
Profit before exceptional items	**17**	17	42
Exceptional items (note 3)	**(11)**	(10)	(34)
Other adjustments (note 3)	**-**	(1)	(1)
	6	6	7

Tax has been calculated using an estimated annual effective tax rate of 25% (2011 28 weeks, 27%; 52 weeks actual, 27%) on profit before tax, exceptional items and other adjustments.

On 21 March 2012 the Government announced that the main rate of Corporation Tax would reduce to 24% with effect from 1 April 2012 with subsequent 1% reductions per annum to reach 22% with effect from 1 April 2014. These subsequent tax rate reductions had not been substantively enacted at the balance sheet date and therefore have not been reflected in the interim financial information.

If the 2% reduction to 22% had been enacted in the period to 7 April 2012, the deferred tax asset would have been reduced by £7m and the deferred tax liability would have been reduced by £34m.

6 EARNINGS PER ORDINARY SHARE

Basic earnings per share have been calculated by dividing the profit or loss 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.

Adjusted earnings per ordinary share amounts are presented before exceptional items and other adjustments (see note 3) in order to allow a better understanding of the underlying trading performance of the Group. (Other adjustments being the net pensions charge (see note 12)).

	Profit/ (loss) £m	Basic EPS pence per ordinary share	Diluted EPS pence per ordinary share
28 weeks ended 7 April 2012			
Profit for the period	**36**	**8.8 p**	**8.7 p**
Exceptional items, net of tax	**11**	**2.7 p**	**2.7 p**
Net pensions finance charge, net of tax	**4**	**1.0 p**	**1.0 p**
Adjusted profit/EPS	**51**	**12.5 p**	**12.4 p**
28 weeks ended 9 April 2011			
Profit for the period	37	9.1 p	9.0 p
Exceptional items, net of tax	6	1.5 p	1.5 p
Net pensions finance charge, net of tax	3	0.7 p	0.7 p
Adjusted profit/EPS	46	11.3 p	11.2 p
52 weeks ended 25 September 2011			
Profit for the period	125	30.7 p	30.5 p
Exceptional items, net of tax	(15)	(3.7)p	(3.7)p
Net pensions finance charge, net of tax	4	1.0 p	0.9 p
Adjusted profit/EPS	114	28.0 p	27.7 p

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

	2012 28 weeks millions	2011 28 weeks millions	2011 52 weeks millions
For basic EPS calculations	**408**	407	407
Effect of dilutive potential ordinary shares:			
Contingently issuable shares	**2**	2	2
Other share options	**1**	1	2
For diluted EPS calculations	**411**	410	411

7 PROPERTY, PLANT AND EQUIPMENT

	2012 7 April £m	2011 9 April £m	2011 24 September £m
At beginning of period	**3,848**	3,693	3,693
Additions	**90**	76	144
Acquired through business combinations	**-**	11	15
Revaluation	**-**	-	71
Disposals	**(2)**	(1)	(3)
Depreciation provided during the period	**(60)**	(57)	(108)
Net movement in assets held for sale	**-**	(3)	36
At end of period	**3,876**	3,719	3,848

The freehold and long leasehold land and buildings were valued at market value as at 24 September 2011 by Colliers International UK plc, independent Chartered Surveyors and by Andrew Cox MRICS, Director of Property, Chartered Surveyor. Short leasehold properties and fixtures, fittings and equipment are held at deemed cost at transition to IFRS less depreciation and impairment provisions.

The carrying value of goodwill at 7 April 2012 is £7m (9 April 2011 £7m, 24 September 2011 £7m).

8 CASH FLOW FROM OPERATIONS (PRE EXCEPTIONAL ITEMS)

	2012 28 weeks £m	2011 28 weeks £m	2011 52 weeks £m
Operating profit	**118**	125	275
Add back: operating exceptional items	**20**	16	19
Operating profit before exceptional items	**138**	141	294
Add back:			
Depreciation of property, plant and equipment	**60**	57	108
Amortisation of intangibles (computer software)	**-**	1	2
Cost charged in respect of share based payments	**2**	4	6
Defined benefit pension cost less regular cash contributions	**-**	(1)	(1)
Operating cash flow before exceptional items, movements in working capital and additional pension contributions	**200**	202	409
Movements in working capital and pension contributions:			
Increase in inventories	**(3)**	(1)	-
(Increase)/decrease in trade and other receivables	**(5)**	(19)	3
Increase/(decrease) in trade and other payables	**14**	(13)	(36)
Additional pension contributions	**(20)**	(20)	(40)
Cash flow from operations (pre exceptional items)	**186**	149	336

9 ANALYSIS OF NET DEBT

	2012 7 April £m	2011 9 April £m	2011 24 September £m
Cash and cash equivalents (see below)	**318**	288	306
Other cash deposits (see below)	**25**	50	50
Securitised debt (see below)	**(2,220)**	(2,262)	(2,246)
Derivatives hedging balance sheet debt[a]	**13**	5	20
Finance leases	**-**	(1)	-
	(1,864)	(1,920)	(1,870)

a Represents the element of the fair value of currency swaps hedging the balance sheet value of the Group's US dollar denominated loan notes. This amount is disclosed separately to remove the impact of exchange movements which are included in the securitised debt amount.

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 of £226m (9 April 2011 £246m, 24 September 2011 £259m) plus cash deposits with an original maturity of three months or less of £92m (9 April 2011 £42m, 24 September 2011 £47m).

At 7 April 2012, Mitchells & Butlers Retail Limited had cash and cash equivalents of £134m (9 April 2011 £151m, 24 September 2011 £135m) which were governed by the covenants associated with the securitisation. Of this amount £42m (9 April 2011 £44m, 24 September 2011 £44m), representing disposal proceeds, was held on deposit in a secured account ('restricted cash'). The use of this cash requires the approval of the securitisation trustee and may only be used for certain specified purposes such as capital enhancement expenditure and business acquisitions.

Other cash deposits
Other cash deposits at 7 April 2012 comprise £25m (9 April 2011 £50m, 24 September £50m) of cash at bank with an original maturity of three months or more.

Securitised debt
The overall cash interest rate payable on the loan notes is fixed at 5.9% (9 April 2011 5.8%, 24 September 2011 5.8%) after taking account of interest rate hedging and monoline insurance costs. The notes are secured on the majority of the Group's property and future income streams.

The carrying value of the securitised debt in the Group balance sheet at 7 April 2012 is analysed as follows:

	2012 7 April £m	2011 9 April £m	2011 24 September £m
Principal outstanding at beginning of period	**2,255**	2,299	2,299
Principal repaid during the period	**(25)**	(24)	(49)
Exchange on translation of dollar loan notes	**(7)**	(9)	5
Principal outstanding at end of period	**2,223**	2,266	2,255
Deferred issue costs	**(11)**	(13)	(12)
Accrued interest	**8**	9	3
Carrying value at end of period	**2,220**	2,262	2,246

10 MOVEMENT IN NET DEBT

	2012 28 weeks £m	2011 28 weeks £m	2011 52 weeks £m
Net increase in cash and cash equivalents	**12**	60	78
Add back cash flows in respect of other components of net debt:			
Transfers (from)/to other cash deposits	**(25)**	50	50
Repayment of principal in respect of securitised debt	**25**	24	49
Repayments of principal in respect of other borrowings and finance leases	**-**	258	259
Decrease in net debt arising from cash flows ('Net cash flow' per note 11)	**12**	392	436
Movement in capitalised debt issue costs net of accrued interest	**(6)**	(10)	(4)
Decrease in net debt	**6**	382	432
Opening net debt	**(1,870)**	(2,302)	(2,302)
Closing net debt	**(1,864)**	(1,920)	(1,870)

11 NET CASH FLOW

	2012 28 weeks £m	2011 28 weeks £m	2011 52 weeks £m
Operating profit before exceptional items	**138**	141	294
Depreciation and amortisation	**60**	58	110
EBITDA before exceptional items[a]	**198**	199	404
Working capital movement	**6**	(33)	(33)
Other non-cash items	**2**	3	5
Additional pension contributions	**(20)**	(20)	(40)
Cash flow from operations before exceptional items	**186**	149	336
Net capital expenditure[b]	**(87)**	318	252
Cash flow from operations after net capital expenditure	**99**	467	588
Net interest paid	**(63)**	(69)	(134)
Tax paid	**(10)**	(8)	(20)
Issue of ordinary share capital	**-**	1	1
Operating exceptional cash flows (note 3)	**(14)**	-	-
Proceeds on release of own shares	**-**	1	1
Net cash flow (note 10)	**12**	392	436

a Earnings before interest, tax, depreciation, amortisation and exceptional items.
b Comprises purchases of property, plant and equipment, acquisition of businesses and intangibles less proceeds from the sale of property, plant and equipment and assets held for sale.

12 PENSIONS

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

	2012 28 weeks £m	2011 28 weeks £m	2011 52 weeks £m
Operating profit			
Current service cost (defined benefit plans)	**-**	(5)	(4)
Current service cost (defined contribution plans)	**(3)**	(2)	(4)
Exceptional pension charge (note 3)	**-**	(13)	(13)
Operating profit charge	**(3)**	(20)	(21)
Finance income			
Expected return on pension scheme assets	**36**	39	74
Interest on pension scheme liabilities	**(42)**	(43)	(79)
Net finance charge (note 4)	**(6)**	(4)	(5)
Total charge	**(9)**	(24)	(26)

Pension deficit is analysed as follows:

	2012 7 April £m	2011 9 April £m	2011 24 September restated £m
Fair value of scheme assets	**1,603**	1,435	1,472
Present value of scheme liabilities	**(1,661)**	(1,470)	(1,509)
Deficit in the schemes recognised as a liability in the balance sheet	**(58)**	(35)	(37)
Associated deferred tax asset	**16**	9	9

Movements in the schemes' net deficit is analysed as follows:

	2012 28 weeks £m	2011 28 weeks £m	2011 52 weeks £m
At beginning of period	**(37)**	(143)	(143)
Charge in the Group income statement (defined benefit plans)	**(6)**	(9)	(9)
Exceptional pension charge (note 3)	**-**	(13)	(13)
Contributions	**20**	28	44
Actuarial (loss)/gain recognised	**(35)**	102	84
At end of period	**(58)**	(35)	(37)

12 PENSIONS (CONTINUED)

Retirement and death benefits are provided for eligible employees in the United Kingdom, principally by the Mitchells & Butlers Pension Plan (MABPP) and the Mitchells & Butlers Executive Pension Plan (MABEPP). These plans are funded, HMRC approved, occupational pension schemes with defined contribution and defined benefit sections. The defined benefit sections of the plans closed to new entrants during 2002 with new members provided with defined contribution arrangements. On 12 March 2011 the defined benefit sections closed for all future accruals.

The principal financial and mortality assumptions used at the balance sheet date were consistent with those disclosed in the 2011 Annual Report and Accounts with the exception of the inflation rate assumption of 3.3% (9 April 2011, 3.5%; 24 September 2011, 3.2%) and the discount rate assumption of 4.8% (9 April 2011, 5.6%, 24 September 2011, 5.2%) which have been updated to reflect changes in market conditions in the period.

The discount rate applied to the pension schemes' liabilities is a significant driver of the net balance sheet valuation of the schemes and is subject to a high degree of judgement and complexity. It is estimated that a 0.1% increase or decrease in the discount rate used would, in isolation, reduce or increase the net balance sheet deficit by approximately£29m (9 April 2011 £27m; 24 September 2011 £26m), with no material impact on the income statement charge.

The results of the 2010 funding valuation showed a funding deficit of £400m, using a more prudent basis to discount the scheme liabilities than is required by IAS19 and on 21 July 2010 the Company formally agreed a 10 year recovery plan with the Trustees to close the funding deficit in respect of its pension liabilities. The result of this was that the Group agreed to increase additional contributions from £24m to £40m per annum, commencing 1 April 2010, subject to review at the next full actuarial valuation in 2013. The Group has therefore continued to make additional contributions of £40m per annum during the current financial year.

13 RELATED PARTY TRANSACTIONS

There have been no related party transactions during the period or the previous year requiring disclosure under IAS 24 'Related Party Disclosures'.

14 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 such indemnities are not expected to result in financial loss to the Group.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm to the best of their knowledge that this condensed set of financial information, which has been prepared in accordance with IAS 34, gives a true and fair view of assets, liabilities, financial position and profit or loss of the company, and the undertakings included in the consolidation taken as a whole, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

On behalf of the Board

Bob Ivell
Executive Chairman
17 May 2012

Tim Jones
Finance Director
17 May 2012

INDEPENDENT REVIEW REPORT TO MITCHELLS & BUTLERS PLC

Introduction
We have been engaged by the Company to review the condensed set of financial information in the half-yearly financial report for the 28 week period ended 7 April 2012, which comprise of the Group condensed income statement, Group condensed statement of comprehensive income, Group condensed balance sheet, Group condensed cash flow statement, Group condensed statement of changes in equity and related notes 1 - 14. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial information.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purposes. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review, work, for this report, or for the conclusions we have formed.

Directors' responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial information included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial information in the half-yearly financial report based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “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 inquiries, 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 information in the half-yearly financial report for the 28 week period ended 7 April 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
17 May 2012