20 May 2011 **MITCHELLS & BUTLERS PLC**

HALF YEAR RESULTS
(For the 28 weeks ended 9 April 2011)

Good progress with execution of strategy

Retained Estate[1] highlights

The Retained Estate represents the continuing operations of the group following the major disposals completed over the last year and before exceptional items and other adjustments.

- Sales up 4.2% with food sales up 7.5%
- For the first time, food sales overtake drink sales
- Operating profit in line with last year despite start-up costs from brand roll-out and the movement of Easter into H2
- £53m of expansionary capital invested including 29 new openings and 31 conversions
- 19% EBITDA returns achieved on expansionary capital invested in FY10 and FY11
- Net debt reduced by nearly £400m; net debt:EBITDA now at 4.9x[2]

Retained Estate	H1 2011 £m	H1 2010 £m	% growth
Revenue	912	875	4.2
EBITDA[1]	194	192	1.0
Operating profit[1]	136	136	-

- Like-for-like sales growth of 3.3% in the first 33 weeks[3]
- Like-for-like food and drink sales growth of 5.5% and 1.8% respectively in the first 33 weeks

Jeremy Blood, Interim Chief Executive, commented:

"Our growth strategy is on track and has delivered a strong trading performance with total sales up 4.2%. Harvester's performance has been particularly good, supported by its new advertising campaign together with its new breakfast and take-away menus. We have successfully positioned Mitchells & Butlers more firmly within the eating-out market with nearly three quarters of our revenue now generated around eating-out.

We have a healthy balance sheet and are investing for further growth with 50 new sites being opened this year from our brand roll-out. I have been impressed with the depth of skills within the Company that gives Mitchells & Butlers an excellent growth platform and enables the Board to have confidence in the prospects for the business."

Total Company performance

The Company has disposed of a range of its non-core assets in line with the strategy set out in March 2010, which enables an increased focus on the growing eating-out market. In the first half before disposal, those non-core assets contributed revenue of £34m and profit of £5m (H1 2010: £162m and £20m respectively). Total Company performance, including these assets, was as follows:

	H1 2011 £m	H1 2010 £m	% growth
Revenue	946	1,037	(8.8)
Adjusted operating profit[4]	141	156	(9.6)
Adjusted profit before tax[4]	63	73	(13.7)
Profit before tax	43	72	(40.3)
Adjusted earnings per share[5]	11.3p	13.0p	(13.1)
Basic earnings per share	9.1p	12.8p	(28.9)

Notes
1- The Retained Estate comprises the ongoing business and is stated before exceptional items and other adjustments. It excludes the major disposals of 333 non-core pubs, lodges and Hollywood Bowl, and in addition SCPD. This is shown in note 2 of the accounts
2- EBITDA used is the Retained Estate for the last 12 months to 9 April 2011
3- Weeks 1-33 are shown to include Easter in both years being compared
4- Adjusted operating profit and adjusted profit before tax are stated before exceptional items and other adjustments as set out in note 3
5- Adjusted earnings per share is stated as profit after tax before exceptional items and other adjustments, divided by the weighted average number of ordinary shares in issue

Strategy on track

The implementation of the strategy as announced in March 2010 is on track with a number of key achievements:

- **Reshaping of the business is complete**

We have finished the first phase of the strategy, to exit non-core assets and focus on core food-led brands. The £373m sale of wet-led pubs to Stonegate was a key element of this and was completed in November.

We now have nearly 1,600 restaurants and pubs distributed across an industry leading portfolio of brands. Food is now our largest single product with nearly three quarters of our sales deriving from meals and their directly associated drink sales.

- **Food growth driving operational performance**

The Retained Estate delivered total sales growth of 4.2% in the first half, driven by a 7.5% increase in food sales. Like-for-like sales growth was 3.3% in the first 33 weeks (with Easter included in both periods) broken down as follows:

Like-for-like sales growth	Trading to IMS 17 weeks to 22 January 2011	Since IMS 16 weeks to 14 May 2011	Total 33 weeks to 14 May 2011
Total	3.1%	3.4%	3.3%
Food	6.1%	4.8%	5.5%
Drink	0.9%	2.7%	1.8%

Gross margins for the first half were 0.2% points higher than last year, with drink gross margin down 0.1% points and food gross margin up 0.6% points. This improvement in food gross margin was generated by ongoing menu development, customer spend increases and some minor like-for-like price rises partially offset by increased food input costs.

Operating profits[1] of £136m were in line with last year, despite being reduced by the movement of Easter into the second half (c.£3m) and by initial costs from our accelerated brand roll-out programme (c.£4m) relating to closedown and pre-opening costs. Net operating margins in the Retained Estate were 14.9%, against 15.5% in the first half last year.

- **Promising start to brand roll-out**

In the first half of the year, £53m was invested with 29 new openings and 31 conversions, reflecting a rapid acceleration of the organic expansion programme. Investment returns are good, with an EBITDA ROI of 19% on all expansionary capital spent in FY10 and FY11. There has been an encouraging early performance from the new retail park investments and the Ha Ha Bar & Grill acquisition. In total we expect to spend approximately £75m on expansionary investments in FY11, of which c.£50m will be in respect of new site acquisitions and we expect this pace to increase in FY12.

- **Balance sheet and cash flow**

Proceeds from our disposals have allowed us to pay off all unsecured borrowings and our net debt stands at £1.9bn, which is 4.9 times EBITDA. We have a clear funding plan in respect of our pension liabilities with £40m p.a. being paid through operating cash flow. We have funds and cash flow to support the roll-out of our brands envisaged in the strategy.

As stated previously, the Board will closely monitor the level of operating cash flow generation and capital investment opportunities for the business before taking a decision on the timing and quantum of the resumption of dividend payments.

Board update

The process for the recruitment of a new Chief Executive is progressing well. We are pleased to welcome Bob Ivell as a new independent non-executive director and will continue to strengthen the Board.

Outlook

Notwithstanding the current robust trading, we believe that challenges lie ahead in respect of input cost inflation from food and energy, in addition to uncertainty around UK discretionary consumer spending. These will create pressures on the business extending into FY12. However our food growth strategy and the reshaped estate mean that Mitchells & Butlers is well placed to deal with these challenges and to deliver sustainable growth in shareholder value.

There will be a presentation for analysts and investors at 9.30am at Nomura, One 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 by dialling +44 (0) 203 059 5845, quote “Mitchells & Butlers”, the replay will be available until 02/06/11 on +44 (0) 121 260 4861 replay access pin 6786009#.

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

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Notes for editors:

- Mitchells & Butlers' leading portfolio of brands and formats includes Harvester, Toby Carvery, Vintage Inns, Premium Country Dining Group, Crown Carveries, Sizzling Pubs, Browns, Miller & Carter, Metro Professionals, All Bar One, Nicholson's, O'Neill's and Ember Inns. Further details are available on www.mbplc.com.
- Like-for-like sales growth includes the sales performance against the comparable period in the prior year of all managed pubs that were trading in the two periods being compared. For the 33 weeks to 14 May 2011, 94% of the estate is included in this measure.

FINANCIAL REVIEW

The Retained Estate has delivered a good trading performance with sales up 4.2% to £912m and EBITDA up 1% to £194m in the first half of the year. Operating profit of £136m is in line with the prior year.

Food is the main driver of the sales growth with total food sales up 7.5%. Total customer numbers for food remained level with last year with average spend per head (excluding VAT) increasing by 7.4%. This increase has been achieved through a combination of increased spend from enhancing menu quality, selling additional courses and customer selection of higher priced items, together with some minor price rises on same dish items.

Total drink sales were up 1.7% with drink prices (excluding VAT) up 6.3%. The majority of this price increase was from same product price rises and the remainder through positive mix changes. Drink volumes were down 4.3% as a result of these price changes as well as being partially impacted by the disposal of a number of wet led pubs.

The Company experienced higher costs as a result of increases in the national minimum wage, alcohol duty and food inflation. These costs have been broadly offset by efficiencies in menu changes and

labour productivity. Staff productivity was well managed, leading to outlet employment costs decreasing as a percentage of sales by 0.2% points to 24.9% despite increases to the national minimum wage.

The Easter holiday season moved into the second half of the financial year and we estimate that this movement reduced first half sales by approximately £6m and operating profits by £3m. We continue to accelerate investment into new sites and conversions of our estate to growth brands and in the period we successfully opened 29 and separately converted 31 sites. In the short term this had an adverse impact on results through closedown and pre-openings costs of c.£4m.

The combined result of all these factors was an operating profit[1] of £136m in the first half with a net operating margin of 14.9%.

Internal rent

From the start of FY11 the business applied an internal charge reflecting a market level of rent against each freehold and long leasehold site in order to charge a full arms-length property cost to all assets.

Retained Estate	Operating	Property	Total
	£m	£m	£m
Turnover	912		912
EBITDAR	215		215
External Rent	(21)		(21)
Internal Rent	(102)	102	-
EBITDA	92	102	194
EBITDA %	10.1%		21.3%

In addition, each site pays a capital charge in respect of brand roll-out, refurbishment and infrastructure capital spend. These incremental costs are designed to ensure that management is focussed on driving enhanced returns on capital spend within each individual business.

The introduction of internal rents is aligning our internal performance review for freehold and leasehold properties and assisting in driving appropriate investment decisions with greater clarity of margin development and capital efficiency.

Capital expenditure and disposals

Total capital expenditure in the first half was £99m, a significant increase on the £68m spend in the first half of last year. Expansionary capital, to accelerate our brand roll-out programme over and above normal refurbishment capital, totalled £53m for the period.

£39m was spent on acquisitions with 29 new sites opened in the period. 18 of the 22 Ha Ha Bar & Grill sites were converted in the first half and have now opened as Browns; All Bar One; Miller & Carter; Premium Country Dining and Harvester. 3 new sites have been opened in leisure or retail parks and are currently achieving above average EBITDA returns.

In addition, £14m was spent converting existing Mitchells & Butlers sites as part of our roll-out strategy.

Overall returns remain strong, with an EBITDA ROI of 19% achieved on expansionary capital spent in FY10 and FY11.

Of the remaining £46m capital spend, £43m was spent on enhancing the existing estate and a further £3m on infrastructure improvements such as IT and energy efficiency projects which have an expected payback period of approximately 3 years.

Disposals raising £417m were completed during the first half. The disposal of the non-core pubs to Stonegate completed on 13 November 2010. In addition to the major disposals programme, a further £34m was raised in the first half from other disposals at an average multiple of 11 times EBITDA .

Exceptional items and other adjustments

Total exceptional items and other adjustments reduced profits before tax by £20m and included a £4m pension finance charge, £13m relating to the curtailment of the defined benefit pension scheme as at March 2011 and a £3m loss on disposal of properties.

Finance costs and revenue

Net finance costs in the first half were £78m, £5m lower than the previous year due to the continuing reduction of debt in the business.

As at 25 September 2010 the Group had a £425m medium term and revolving credit facility. This facility was repaid and cancelled on 15 February 2011 following the transfer of assets into the securitised estate and subsequent transfer out of funds.

Taxation

The pre-exceptional tax charge for the first half year was £17m and is an effective rate of 27% of profit before tax.

Earnings per share

Earnings per share for the Company were 11.3p before exceptional items and other adjustments, a decrease of 13.1% on the prior first half period. The reduction is primarily a result of the disposal of non-core assets earlier in the year.

Balance sheet and cash flow

Net debt has reduced by £382m to £1.9bn at the half year. The ratio of net debt to EBITDA has fallen from 5.1 times at the start of the year to 4.9 times. This is the result of cash flow generated by the business coupled with the receipt of £417m in disposal proceeds during the first half.

Cash flow from operations of £149m is after the deduction of £20m in contributions to the pension deficit and an outflow of working capital of £33m, the latter due to the timing of a number of insurance and payroll costs as well as the impact of the disposal of the Stonegate pubs. Following payments for net interest of £69m and cash tax of £8m, net cash from operating activities was £72m in the period.

At the half year, the Group had net debt of £1,920m, consisting of net debt within the securitisation of £2,105m and cash held outside the securitisation of £185m.

Pensions

On 13 March 2011, employees in the defined benefit section of the pension plan were transferred into the defined contribution section of the plan. This followed agreement by the Company and the pension schemes' Trustees that future accruals for active employees would cease.

The pre-tax pension deficit on the balance sheet, calculated in accordance with IAS 19, has decreased to £35m (H1 2010: £147m). This is predominantly due to movements in prevailing market rates changing the values placed on the assets and liabilities of the scheme.

Furthermore, following closure of the defined benefit scheme to future accrual the Company has reconsidered the appropriate accounting for its funding obligations under IFRIC14. Following this review it has been concluded that a restatement of the accounting recorded at September 2010 is required which has the impact of reducing the balance sheet liability after tax by £13m.

These changes have no impact on the funding commitment entered into the last year under which the Company pays £40m p.a. towards deficit recovery. This agreement will be next reviewed as at March 2013, on a triennial basis.

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 3.3% in the first 33 weeks of FY11 (1.8% in the first 33 weeks of FY10).

2. EPS growth – Due to the disposal of non-core assets, adjusted EPS has decreased from 13.0p in H1 FY10 to 11.3p in the first half of FY11.

3. Incremental return on expansionary capital – Pre-tax EBITDA returns of 19% and EBIT returns of 12% 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 20-23 of the 2010 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 expenditure, consumer taste.
2. Operational risks – service standards, people, pricing, supplier dynamics, health and safety, IT systems.
3. Regulatory risks – national minimum wage and holiday pay, licensing and taxation.
4. Financial risks – cash flows, acquisitions and conversions, property valuation and security, pension funding, material litigation.

GROUP CONDENSED INCOME STATEMENT
for the 28 weeks ended 9 April 2011

	2011 28 weeks (Unaudited)		2010 28 weeks (Unaudited)		2010 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)	**946**	**946**	1,037	1,037	1,980	1,980
Operating costs before depreciation, amortisation and movements in the valuation of the property portfolio	**(747)**	**(760)**	(812)	(812)	(1,531)	(1,531)
Net (loss)/profit arising on property disposals	**-**	**(3)**	-	3	-	15
EBITDA[b]	**199**	**183**	225	228	449	464
Depreciation, amortisation and movements in the valuation of the property portfolio	**(58)**	**(58)**	(69)	(69)	(127)	(431)
Operating profit	**141**	**125**	156	159	322	33
Finance costs (Note 4)	**(79)**	**(79)**	(83)	(83)	(153)	(153)
Finance revenue (Note 4)	**1**	**1**	-	-	-	-
Net finance charge from pensions (Note 4)	**-**	**(4)**	-	(4)	-	(7)
Profit/(loss) before tax	**63**	**43**	73	72	169	(127)
Tax (expense)/credit (Note 5)	**(17)**	**(6)**	(20)	(20)	(48)	43
Profit/(loss) for the period	**46**	**37**	53	52	121	(84)
Earnings/(loss) per ordinary share (Note 6):						
Basic	**11.3p**	**9.1p**	13.0p	12.8p	29.7p	(20.6)p
Diluted	**11.2p**	**9.0p**	13.0p	12.7p	29.4p	(20.6)p

a Exceptional items and other adjustments are explained in note 1 and analysed in notes 3 and 4.
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 9 April 2011

	2011 28 weeks £m (Unaudited)	2010 28 weeks £m (Unaudited)	2010 52 weeks restated[a] £m (Audited)
Profit/(loss) for the period	**37**	52	(84)
Other comprehensive income:			
Unrealised gain on revaluation of the property portfolio	**-**	-	69
Actuarial gains/(losses) on defined benefit pension schemes (Note 12)	**102**	(30)	(43)
Exchange differences on translation of foreign operations	**-**	-	(1)
Cash flow hedges:			
- Gains/(losses) arising during the period	**63**	(15)	(131)
- Less: reclassification adjustments for gains included in profit or loss	**32**	13	47
Other comprehensive income/(loss)	**197**	(32)	(59)
Tax relating to items of other comprehensive income/(loss)	**(28)**	12	37
Other comprehensive income/(loss) after tax	**169**	**(20)**	**(22)**
Total comprehensive income/(loss) for the period	**206**	32	(106)

a Restated in respect of pension liabilities, see note 12.

GROUP CONDENSED BALANCE SHEET
9 April 2011

	2011 9 April £m (Unaudited)	2010 10 April £m (Unaudited)	2010 25 September restated[a] £m (Audited)
ASSETS			
Goodwill and other intangible assets	**9**	-	1
Property, plant and equipment (Note 7)	**3,719**	4,338	3,693
Lease premiums	**6**	9	8
Deferred tax asset	**41**	93	106
Derivative financial instruments	**5**	18	11
Total non-current assets	**3,780**	4,458	3,819
Inventories	**26**	37	25
Trade and other receivables	**66**	50	65
Other cash deposits (Note 9)	**50**	-	-
Cash collateral deposits (Note 9)	**-**	2	-
Cash and cash equivalents (Note 9)	**288**	110	227
Total current assets	**430**	199	317
Assets held for sale	**44**	124	434
Total assets	**4,254**	4,781	4,570
LIABILITIES			
Borrowings	**(50)**	(55)	(136)
Derivative financial instruments	**(45)**	(49)	(47)
Trade and other payables	**(296)**	(284)	(302)
Current tax liabilities	**(8)**	(15)	(8)
Total current liabilities	**(399)**	(403)	(493)
Borrowings	**(2,213)**	(2,592)	(2,409)
Derivative financial instruments	**(58)**	(65)	(149)
Other payables	**(12)**	-	(12)
Pension liabilities (Note 12)	**(35)**	(147)	(143)
Deferred tax liabilities	**(426)**	(539)	(464)
Provisions	**(6)**	-	(6)
Total non-current liabilities	**(2,750)**	(3,343)	(3,183)
Total liabilities	**(3,149)**	(3,746)	(3,676)
Net assets	**1,105**	1,035	894
EQUITY			
Called up share capital	**35**	35	35
Share premium account	**21**	19	20
Capital redemption reserve	**3**	3	3
Revaluation reserve	**698**	702	747
Own shares held	**(5)**	(2)	(8)
Hedging reserve	**(81)**	(89)	(149)
Translation reserve	**12**	13	12
Retained earnings	**422**	354	234
Total equity	**1,105**	1,035	894

a Restated in respect of pension liabilities, see note 12.

GROUP CONDENSED CASH FLOW STATEMENT
for the 28 weeks ended 9 April 2011

	2011 28 weeks £m (Unaudited)	2010 28 weeks £m (Unaudited)	2010 52 weeks £m (Audited)
Cash flow from operations (Note 8)	**149**	215	457
Net interest paid	**(69)**	(74)	(147)
Tax paid	**(8)**	-	(8)
VAT refund including interest	**-**	-	12
Net cash from operating activities	**72**	141	314
Investing activities			
Acquisition of Ha Ha Bar & Grill Limited (Note 15)	**(20)**	-	-
Purchases of property, plant and equipment	**(76)**	(68)	(136)
Purchases of intangibles	**(3)**	-	(2)
Proceeds from sale of property, plant and equipment	**23**	7	111
Proceeds from disposal of assets held for sale	**394**	14	19
Transfers from cash collateral deposits	**-**	-	2
Transfers to other cash deposits	**(50)**	-	-
Net cash used in investing activities	**268**	(47)	(6)
Financing activities			
Issue of ordinary share capital	**1**	2	3
Purchase of own shares	**-**	-	(6)
Proceeds on release of own shares	**1**	-	-
Repayment of principal in respect of securitised debt	**(24)**	(23)	(46)
Repayment of principal in respect of other borrowings	**(258)**	(68)	(136)
Net cash used in financing activities	**(280)**	(89)	(185)
Net increase in cash and cash equivalents (Note 10)	**60**	5	123
Cash and cash equivalents at the beginning of the period	**228**[a]	105	105
Cash and cash equivalents at the end of the period	**288**	110	228[a]

Cash and cash equivalents are defined in note 9.

a Cash and cash equivalents as at 25 September 2010 of £228m comprise £227m cash and cash equivalents and £1m of cash and cash equivalents included within assets held for sale.

GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY
for the 28 weeks ended 9 April 2011

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Own shares held	Hedging reserve	Translation of foreign operations	Retained earnings restated[a]	**Total equity restated[a]**
	£m	£m	£m	£m	£m	£m	£m	£m	**£m**
At 26 September 2009	**35**	**17**	**3**	**703**	**(2)**	**(87)**	**13**	**315**	**997**
Profit for the period	-	-	-	-	-	-	-	52	**52**
Other comprehensive loss	-	-	-	-	-	(2)	-	(18)	**(20)**
Total comprehensive (loss)/income	-	-	-	-	-	(2)	-	34	**32**
Share capital issued	-	2	-	-	-	-	-	-	**2**
Credit in respect of share-based payments	-	-	-	-	-	-	-	2	**2**
Revaluation reserve realised on disposal of properties	-	-	-	(1)	-	-	-	1	**-**
Tax on share-based payments taken directly to equity	-	-	-	-	-	-	-	2	**2**
At 10 April 2010 (Unaudited)	**35**	**19**	**3**	**702**	**(2)**	**(89)**	**13**	**354**	**1,035**
Loss for the period	-	-	-	-	-	-	-	(136)	**(136)**
Other comprehensive income/(loss) as restated	-	-	-	58	-	(60)	(1)	1	**(2)**
Total comprehensive income/(loss) as restated	-	-	-	58	-	(60)	(1)	(135)	**(138)**
Share capital issued	-	1	-	-	-	-	-	-	**1**
Purchase of own shares	-	-	-	-	(6)	-	-	-	**(6)**
Credit in respect of share-based payments	-	-	-	-	-	-	-	2	**2**
Revaluation reserve realised on disposal of properties	-	-	-	(13)	-	-	-	13	**-**
At 25 September 2010 as restated (Audited)	**35**	**20**	**3**	**747**	**(8)**	**(149)**	**12**	**234**	**894**
Profit for the period	-	-	-	-	-	-	-	37	**37**
Other comprehensive income / (loss)	-	-	-	9	-	68	-	92	**169**
Total comprehensive income / (loss)	-	-	-	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**

a Restated in respect of pension liabilities, see note 12.

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' and comply with the provisions of the Companies Act 2006. They should be read in conjunction with the Annual report and accounts 2010.

The interim financial information is unaudited and do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. They were approved by a duly appointed and authorised committee of the Board of Directors on 19 May 2011. The financial information for the year ended 25 September 2010 is extracted from the annual accounts for the year ended 25 September 2010, 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's report by Ernst & Young LLP on the annual accounts for the year ended 25 September 2010 was unqualified, and did not include an emphasis of matter reference or any statement required 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 2010. The comparative information as at 25 September 2010 has been restated in respect of pension liabilities, further detail is provided in note 12. 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 2010.

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 Chief Executive 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.

In the strategy review statement issued on 24 March 2010 and re-affirmed in the 2010 annual report, the Group noted that it intended to assess the performance of its retail operating units after incorporating a rental charge and to review the results and position of the retail operating and property businesses independently. This analysis of operating segment is now reported for the first time and accordingly the comparatives have been restated.

The retail operating business operates all of the Group's retail operating units and generates all of its external revenue. The property business manages 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		
	2011 28 wks £m	2010 28 wks £m	2010 52 wks £m	2011 28 wks £m	2010 28 wks £m	2010 52 wks £m	2011 28 wks £m	2010 28 wks £m	2010 52 wks £m
Retained business									
Revenue	**912**	875	1,680	**-**	-	-	**912**	875	1,680
EBITDA pre exceptionals	**92**	90	201	**102**	102	190	**194**	192	391
Operating profit pre exceptionals	**40**	40	108	**96**	96	177	**136**	136	285
Other operations									
Revenue							**34**	162	300
EBITDA pre exceptionals							**5**	33	58
Operating profit pre exceptionals							**5**	20	37
Total business									
Revenue							**946**	1,037	1,980
EBITDA pre exceptionals							**199**	225	449
Operating profit pre exceptionals							**141**	156	322

Other operations include Bowl and Lodge disposals that completed in the year ended 25 September 2010 as well as the sites disposed to Stonegate in November 2010. The performance of this segment in the 28 weeks ended 9 April 2011 relates primarily to the pre-disposal trading in relation to sites disposed to Stonegate. No analysis is provided for these sites in relation to Operating/Property business as this information is not reviewed by the CODM.

3 EXCEPTIONAL ITEMS AND OTHER ADJUSTMENTS

	Notes	**2011 28 weeks £m**	2010 28 weeks £m	2010 52 weeks £m
Operating exceptional items				
Exceptional pension charge	a	**(13)**	-	-
Profits on disposal of properties		**7**	6	26
Losses on disposal of properties		**(10)**	(3)	(11)
Net (loss)/profit arising on property disposals		**(3)**	3	15
Movements in the valuation of the property portfolio				
- Impairment arising from the revaluation	b	**-**	-	(256)
- Impairment arising on classification of non-current assets held for sale	b	**-**	-	(25)
- Other impairment	b	**-**	-	(23)
Total movements in the valuation of the property portfolio		**-**	-	(304)
Total exceptional items		**(16)**	3	(289)
Other adjustments				
Net pensions finance charge (Note 12)	c	**(4)**	(4)	(7)
Total exceptional items and other adjustments before tax		**(20)**	(1)	(296)
Tax credit relating to above items		**7**	-	77
Exceptional tax released in respect of prior years	d	**-**	-	9
Tax credit in respect of change in tax legislation	e	**4**	-	5
Total tax credit on exceptional items and other adjustments		**11**	-	91
Total exceptional items and other adjustments after tax		**(9)**	(1)	(205)

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

b Movements in the valuation of the property portfolio in prior periods include impairment against assets transferred from/to non-current assets held for sale, where the expected sales proceeds are less than the book value.

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

d Represents the release of provisions in 2010 relating to tax matters which have been settled, principally relating to disposals.

e A deferred tax credit has been recognised in the current period following the enactment of legislation on 23 March 2011 which lowered the UK standard rate of Corporation Tax from 27% to 26% with effect from 1 April 2011. The prior year deferred tax credit relates to the enactment of legislation on 21 July 2010 which lowered the UK standard rate of Corporation Tax from 28% to 27% with effect from 1 April 2011.

All exceptional items relate to continuing operations.

4 FINANCE COSTS AND FINANCE REVENUE

	2011 28 weeks £m	2010 28 weeks £m	2010 52 weeks £m
Finance costs			
Securitised and other debt	**(79)**	(83)	(153)
Finance revenue			
Interest receivable	**1**	-	-
Net finance charge from pensions (Note 3,12)	**(4)**	(4)	(7)

5 TAX EXPENSE/(CREDIT)

	2011 28 weeks £m	2010 28 weeks £m	2010 52 weeks £m
Current tax	**7**	14	15
Deferred tax	**(1)**	6	(58)
	6	20	(43)
Further analysed as tax relating to:			
Profit before exceptional items	**17**	20	48
Exceptional items (Note 3)	**(10)**	1	(89)
Other adjustments (Note 3)	**(1)**	(1)	(2)
	6	20	(43)

Tax has been calculated using an estimated annual effective tax rate of 27% (2010 28 weeks, 28%; 52 weeks actual, 28%) on profit before tax, exceptional items and other adjustments.

On 23 March 2011 the Government announced that the main rate of corporation tax would reduce to 26% with effect from 1 April 2011, with subsequent 1% reductions per annum to reach 23% 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 all of these tax rate reductions had been enacted in the period to 9 April 2011, the deferred tax asset would have been reduced by £5m and the deferred tax liability would have been reduced by £45m.

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 (see note 3), and the net pensions finance charge (see note 12), in order to allow a better understanding of the underlying trading performance of the Group.

	Profit/ (loss) £m	Basic EPS pence per ordinary share	Diluted EPS pence per ordinary share
28 weeks ended 9 April 2011			
Profit for the period	**37**	**9.1p**	**9.0p**
Exceptional items, net of tax	**6**	**1.5p**	**1.5p**
Net pensions finance charge, net of tax	**3**	**0.7p**	**0.7p**
Adjusted profit/EPS	**46**	**11.3p**	**11.2p**
28 weeks ended 10 April 2010			
Profit for the period	52	12.8 p	12.7 p
Exceptional items, net of tax	(2)	(0.5)p	(0.5)p
Net pensions finance charge, net of tax	3	0.7 p	0.8 p
Adjusted profit/EPS	53	13.0 p	13.0 p
52 weeks ended 25 September 2010			
Loss for the period	(84)	(20.6)p	(20.6)p[a]
Exceptional items, net of tax	200	49.1 p	48.7 p
Net pensions finance charge, net of tax	5	1.2 p	1.2 p
Adjusted profit/EPS	121	29.7 p	29.4 p

a The diluted EPS per ordinary share is unchanged from basic EPS, as the inclusion of the dilutive ordinary shares would reduce the loss per share and is therefore anti-dilutive in accordance with IAS 33 'Earnings per Share'.

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

	2011 28 weeks millions	2010 28 weeks millions	2010 52 weeks millions
For basic EPS calculations	**407**	407	407
Effect of dilutive potential ordinary shares:			
Contingently issuable shares	**2**	1	3
Other share options	**1**	1	1
For diluted EPS calculations	**410**	409	411

7 PROPERTY, PLANT AND EQUIPMENT

	2011 9 April £m	2010 10 April £m	2010 25 September £m
At beginning of period	**3,693**	4,461	4,461
Additions	**87**	68	136
Revaluation	**-**	-	(210)
Disposals	**(1)**	(4)	(121)
Depreciation provided during the period	**(57)**	(67)	(124)
Net movement in assets held for sale	**(3)**	(120)	(449)
At end of period	**3,719**	4,338	3,693

The freehold and long leasehold land and buildings were valued at market value as at 25 September 2010 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.

At 9 April 2011, amounts contracted for but not provided in the financial information for the acquisition of property, plant and equipment were £27m (10 April 2010, £20m; 25 September 2010, £24m).

Included within the £87m of additions during the current period is £11m in relation to property, plant and equipment purchased as part of the acquisition of Ha Ha Bar & Grill Limited.

8 CASH FLOW FROM OPERATIONS

	2011 28 weeks £m	2010 28 weeks £m	2010 52 weeks £m
Operating profit	**125**	159	33
Add back: operating exceptional items	**16**	(3)	289
Operating profit before exceptional items	**141**	156	322
Add back:			
Depreciation of property, plant and equipment	**57**	67	124
Amortisation of intangibles (computer software)	**1**	1	2
Amortisation of lease premiums	**-**	1	1
Cost charged in respect of share remuneration	**4**	2	4
Defined benefit pension cost less regular cash contributions	**(1)**	(2)	(4)
Operating cash flow before exceptional items, movements in working capital and additional pension contributions	**202**	225	449
Movements in working capital and pension contributions:			
(Increase)/decrease in inventories	**(1)**	1	9
Increase in trade and other receivables	**(19)**	(10)	(4)
(Decrease)/increase in trade and other payables	**(13)**	14	29
Increase in provisions	**-**	-	6
Additional pension contributions	**(20)**	(15)	(32)
Cash flow from operations	**149**	215	457

9 ANALYSIS OF NET DEBT

	2011 9 April £m	2010 10 April £m	2010 25 September £m
Cash and cash equivalents (see below)	**288**	110	228
Cash collateral deposits (see below)	**-**	2	-
Other cash deposits (see below)	**50**	-	-
Securitised debt (see below)	**(2,262)**	(2,325)	(2,289)
Derivatives hedging balance sheet debt[a]	**5**	22	15
Other borrowings and finance leases (see below)	**(1)**	(322)	(256)
	(1,920)	(2,513)	(2,302)

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 £246m (10 April 2010 £98m, 25 September 2010 £226m) plus cash deposits with an original maturity of three months or less of £42m (10 April 2010 £12m, 25 September 2010 £1m) and cash transferred to assets held for sale of nil (10 April 2010 nil, 25 September 2010 £1m).

At 9 April 2011, Mitchells & Butlers Retail Limited had cash and cash equivalents of £151m (10 April 2010 £96m, 25 September 2010 £214m) which were governed by the covenants associated with the securitisation. Of this amount £44m (10 April 2010 £29m, 25 September 2010 £128m), 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.

Cash and cash equivalents as at 9 April 2011 exclude an amount of £28m (10 April 2010 £45m, 25 September 2010 £32m) posted by the Group's swap providers within the securitisation. This amount was deposited under swap collateral arrangements with the Group following downgrades in the credit ratings of the swap providers. This is excluded from the cash and cash equivalents balance as the Group has no rights over the collateral in the absence of an event of loan default by its lenders.

Cash collateral deposits

Cash collateral deposits represent monies that were held in escrow against the MABETUS pension scheme arrangements that were repaid during the prior period.

Other cash deposits

Other cash deposits at 9 April 2011 comprise £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 5.8% (10 April 2010 5.7%, 25 September 2010 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 therefrom.

The carrying value of the securitised debt in the Group balance sheet at 9 April 2011 is analysed as follows:

	2011 9 April £m	2010 10 April £m	2010 25 September £m
Principal outstanding at beginning of period	**2,299**	2,342	2,342
Principal repaid during the period	**(24)**	(23)	(46)
Exchange on translation of dollar loan notes	**(9)**	11	3
Principal outstanding at end of period	**2,266**	2,330	2,299
Deferred issue costs	**(13)**	(14)	(13)
Accrued interest	**9**	9	3
Carrying value at end of period	**2,262**	2,325	2,289

Other borrowings and finance leases
As at 25 September 2010 the Group had a £425m medium-term and revolving credit facility available to it which incurred interest at LIBOR plus a margin. The facility was repaid and subsequently cancelled on 15 February 2011 following the transfer of assets into the securitised estate and subsequent release of funds.

Finance leases of £1m, as at 9 April 2011 (10 April 2010 £1m, 25 September 2010 £1m), are included within the 'Other borrowings and finance leases' balance above.

Funding and liquidity position
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.

10 MOVEMENT IN NET DEBT

	2011 28 weeks £m	2010 28 weeks £m	2010 52 weeks £m
Net increase in cash and cash equivalents	**60**	5	123
Add back cash flows in respect of other components of net debt:			
Transfers from cash collateral deposits	**-**	-	(2)
Transfers to other cash deposits	**50**	-	-
Repayment of principal in respect of securitised debt	**24**	23	46
Repayments of principal in respect of other borrowings and finance leases	**258**	68	136
Decrease in net debt arising from cash flows ('Net cash flow' per Note 11)	**392**	96	303
Non-cash movements	**(10)**	(9)	(5)
Decrease in net debt	**382**	87	298
Opening net debt	**(2,302)**	(2,600)	(2,600)
Closing net debt	**(1,920)**	(2,513)	(2,302)

11 NET CASH FLOW

	2011 28 weeks £m	2010 28 weeks £m	2010 52 weeks £m
Operating profit before exceptional items	**141**	156	322
Depreciation and amortisation	**58**	69	127
EBITDA before exceptional items[a]	**199**	225	449
Working capital movement	**(33)**	5	40
Other non-cash items	**3**	-	-
Additional pension contributions	**(20)**	(15)	(32)
Cash flow from operations before exceptional items	**149**	215	457
Net capital expenditure[b]	**338**	(47)	(8)
Cash flow from operations after net capital expenditure	**487**	168	449
Net interest paid	**(69)**	(74)	(147)
Tax paid	**(8)**	-	(8)
VAT refund received including interest	**-**	-	12
Issue of ordinary share capital	**1**	2	3
Purchase of own shares	**-**	-	(6)
Release of own shares	**1**	-	-
Acquisition of Ha Ha Bar & Grill Limited (Note 15)	**(20)**	-	-
Net cash flow (Note 10)	**392**	96	303

a Earnings before interest, tax, depreciation, amortisation and exceptional items.
b Comprises purchases of property, plant and equipment 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:

	2011 28 weeks £m	2010 28 weeks £m	2010 52 weeks £m
Operating profit			
Current service cost (defined benefit plans)	**(5)**	(5)	(8)
Current service cost (defined contribution plans)	**(2)**	(1)	(3)
Exceptional pension charge (Note 3)	**(13)**	-	-
Operating profit charge	**(20)**	(6)	(11)
Finance income			
Expected return on pension scheme assets	**39**	38	69
Interest on pension scheme liabilities	**(43)**	(42)	(76)
Net finance charge (Note 4)	**(4)**	(4)	(7)
Total charge	**(24)**	(10)	(18)

Pension deficit is analysed as follows:

	2011 9 April £m	2010 10 April £m	2010 25 September restated[a] £m
Fair value of scheme assets	**1,435**	1,356	1,405
Present value of scheme liabilities	**(1,470)**	(1,503)	(1,548)
Deficit in the schemes recognised as a liability in the balance sheet	**(35)**	(147)	(143)
Associated deferred tax asset	**9**	41	39

a Restated, further details provided in the narrative below.

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

	2011 28 weeks £m	2010 28 weeks £m	2010 52 weeks £m
At beginning of period	**(143)**	(130)	(130)
Charge in the Group income statement (defined benefit plans)	**(9)**	(9)	(15)
Exceptional pension charge (Note 3)	**(13)**	-	-
Contributions	**28**	22	45
Actuarial gain/(loss) recognised	**102**	(30)	(43)
At end of period	**(35)**	(147)	(143)

The principal financial and mortality assumptions used at the balance sheet date were consistent with those disclosed in the 2010 Annual report and accounts with the exception of the inflation rate assumption of 3.5% (10 April 2010, 3.8%; 25 September 2010, 3.3%) and the discount rate assumption of 5.6% (10 April 2010, 5.6%, 25 September 2010, 5.1%) which have been updated to reflect changes in market conditions in the period.

Following the results of the latest triennial actuarial valuations completed 31 March 2010, the Company has agreed with the Trustees the funding required to close the deficit. The recovery plan agreed with the Trustees will require the Group to pay further additional contributions of £20m during the second half of the financial year 2011 and £40m in each of the financial years from 2012 to 2019, subject to review during the next actuarial valuation at 31 March 2013. The funding deficit was measured using a more prudent basis to discount the scheme liabilities than is required by IAS 19.

On 2 November 2010, Mitchells & Butlers plc concluded a process of consultation and review with the Trustees, in which it considered proposals to close the defined benefit plan to future accruals. The ceasing of future accruals for this plan became effective from 13 March 2011. At the same time Mitchells & Butlers plc implemented a revised defined contribution benefit structure. As a result of this change a curtailment charge of £13m has been included within exceptional items, see note 3.

Subsequently, the Company closed the defined benefit scheme on 12 March and has reconsidered the appropriate accounting under IFRIC 14 for the Company's funding obligations. Following this review, the Company has concluded that a restatement of the accounting at 25 September 2010 is required which has the impact of reducing the pension liability by £56 million, reducing the related deferred tax asset by £43 million and increasing brought forward retained earnings (though an increase in other comprehensive income) by the net amount of £13m.

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.

15 ACQUISITION OF HA HA BAR & GRILL LIMITED

On 3 October 2010, Mitchells & Butlers Retail (No. 2) Limited acquired 100% of the ordinary share capital of Ha Ha Bar & Grill Limited in order to expand the Group's food-led operations. Ha Ha was acquired for a consideration of £3m; cash paid was £20m which included the settlement of a £17m debt payable to the previous holding company. The fair value of the net assets acquired was £13m; the resulting goodwill arising from the acquisition is £7m.

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 and loss, and the undertakings included in the consolidation 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

Jeremy Blood	**Tim Jones**
Interim Chief Executive	Finance Director
19 May 2011	19 May 2011

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 9 April 2011, 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 - 15. 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 guidance contained in 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 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 enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial information in the half-yearly financial report for the 28 week period ended 9 April 2011 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
Birmingham, UK
19 May 2011