19 May 2010

MITCHELLS & BUTLERS PLC
HALF YEAR RESULTS
(For the 28 weeks ended 10 April 2010)

Financial Highlights

	H1 2010 £m	H1 2009 £m	% growth
Revenue	1,037	1,024	1.3%
EBITDA*	225	209	7.7%
Operating profit*	156	139	12.2%
Profit before tax[1]*	73	47	55.3%
Adjusted earnings per share**	13.0p	8.4p	54.8%
Basic earnings / (loss) per share***	12.8p	(1.5)p	n/a

[1] After exceptional items and other adjustments, the profit before tax was £72m, (H1 2009: £(16m))
* EBITDA, operating profit and profit before tax are all stated before exceptional items and other adjustments
** 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
*** Basic earnings per share is stated after deducting exceptional items and other adjustments

Business Highlights

- Like-for-like sales up 1.8% in the 33 weeks*
- Food and drink like-for-like sales up 4.3%* and 0.3%* respectively
- Retail operating profits up 13.7% at £158m**
- Retail net operating margin up 1.6% points**
- Net debt reduced by £87m in the first half
- Pension funding approach agreed: annual payments increased from £24m to £40m

* wks 1-33 to 15 May to include Easter in both periods being compared
** Retail operating profit excludes SCPD, which incurred a loss of £2m, and is stated before exceptional items and other adjustments

Commenting on the results, Adam Fowle, Chief Executive, said:

“The business continues to trade well and we are pleased with the progress made in the first half with improved sales and margins leading to an increase in operating profits and profit before tax of 12.2% and 55.3% respectively. These results underpin our confidence in our strategy of increasing shareholder value by reshaping Mitchells & Butlers around its key food led brands.”

Operational Performance

The Group has maintained good sales growth in the first half, with total revenue up 1.3% to £1,037m. Like-for-like sales were up 1.8% in the 33 weeks to 15 May.

Like-for-like sales	Trading to IMS	Since IMS	Total	Current trading
	14 wks to 2 January	19 wks to 15 May	33 wks to 15 May*	9 wks to 15 May*
Total	3.3%	0.6%	1.8%	1.9%
Food	5.7%	3.3%	4.3%	4.0%
Drink	2.0%	(0.9)%	0.3%	0.5%

Note: total like-for-like sales include other non food and drink categories
* Includes the Easter trading period

Second quarter sales were impacted by the January VAT increase, the adverse weather conditions and by a materially lower level of promotional activity, down by a third compared with last year. Even with this reduced level of promotions, significant market share gains were achieved with like-for-like food and drink sales up 4.3% and 0.3% respectively against the declines in pub industry food sales of 5.2% and in the on-trade drinks market of 4.9% (source: NPD Crest and Nielsen CGA data).

Like-for-like sales were up 1.9% in the most recent nine week period with a continued lower level of promotional spend.

Our overall strategy of driving higher spend per head through enhanced menu quality supported by brand advertising has resulted in continued increases in sales and gross margins. Successful national marketing campaigns such as Toby Carvery's Great British Roast Debate are a key part of this strategy. This activity, supported by purchasing gains, has improved gross margins in the first half by 0.9% points on a percentage basis and importantly 2.8% on a cash basis.

In addition to this, our efficiency and productivity improvements are progressing well and we now anticipate delivering cost savings of £25m in the year, up £5m on previous expectations. These factors, together with lower energy costs, generated retail operating profits of £158m with operating profit margin up 1.6% points at 15.2%.

This performance supports our confidence in the strategic direction of the business and we now expect to invest an additional £20m to £25m of expansionary capital in the second half resulting in gross capital expenditure of around £160m for the year. This increase will be focused on conversions from the "maintain" group of pubs into our "expand" brands which are achieving high returns on investment. These returns, together with an improved performance on acquisitions, have led to an increase in the cash returns on expansionary capital investment over the last two years from 20% a year ago to over 30%.

We are progressing with the disposal of our non core businesses and will update further when appropriate.

HR and Commercial directors have been appointed and will be starting shortly. We are making good progress on replacing the other executive team positions and we anticipate that this will be finalised by the middle of June.

Balance Sheet

Whilst continuing our capital investment program, Mitchells & Butlers generated operating cash inflows of £168m in the first half including £21m of individual site disposals. This has led to a net debt reduction in the period of £87m to £2.5bn. Drawings on the unsecured medium term facility are currently at £296m.

The Company has agreed with the pension trustees the actuarial assumptions and funding terms to be used in the triennial actuarial review. As a result, the pension deficit, on an actuarial basis, has increased to £400m from £250m in 2007. This will be funded by annual payments of £40m, up from £24m, funding the deficit over a ten year period commencing 1 April 2010. The funding levels will be reviewed again at the next triennial valuation in 2013. The Company also intends to commence consultation on the defined benefit sections of its pension plans in respect of their future.

Social Responsibility

Mitchells & Butlers takes its licensing responsibilities very seriously and currently refuses to serve each month around 120,000 people who are under age or intoxicated. We look to the new government to bring in measures to support the on-trade, which supervises the consumption of alcohol, through creating a level playing field between pubs and supermarkets by tackling irresponsible promotions in the off-trade.

Outlook

The Company continues to perform well in difficult market conditions and is making good progress in implementing the strategic plan as set out in March. Consequently, we are confident about the future prospects of Mitchells & Butlers.

There will be a presentation for analysts and investors at 9.30am at the JP Morgan Cazenove Auditorium, 20 Moorgate, London, EC2R 6DA. A live webcast of the presentation will be available at www.mbplc.com. The conference will also be accessible by phone by dialling 0845 401 9097 or from outside the UK +44(0) 20 3037 9221, quote "Mitchells & Butlers", the replay will be available until 01/06/2010 on +44(0) 20 8196 1998 replay access pin 9332560#.

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 owns and operates around 2,000 high quality pubs in prime locations nationwide. The Group's predominantly freehold, managed estate is biased towards large pubs in residential locations. With around 3% of the pubs in the UK, Mitchells & Butlers has 10% of industry sales and average weekly sales per pub almost four times greater than that of the average UK pub.
- Mitchells & Butlers' leading portfolio of brands and formats includes Harvester, Toby Carvery, Sizzling Pub Co., Crown Carveries, Vintage Inns, Premium Country Dining Group, All Bar One, O'Neill's, and Nicholson's.
- 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 10 April 2010, 97% of the estate is included in this measure.

CHIEF EXECUTIVE'S BUSINESS REVIEW

The Market

The UK market for eating out and drinking out is worth £71bn with food accounting for £42bn and drink £29bn. However, the respective trajectories for drinking out and eating out are quite different.

Since 2004, the value of the drinking out market has not grown. On-trade price increases averaging almost 4% per annum have offset volume declines of a similar magnitude. This trend is particularly true of beer, the largest drinks category and is primarily influenced by the price differential between the on and the off-trade. The on-trade beer market has declined in value terms by 1% per annum over the last 5 years, despite price rises of 4%, resulting in annual volume decline of almost 5%. Over the same period, off-trade beer prices have actually reduced and volumes have grown by over 2% as a result of the supermarkets' strategy of using alcohol as a marketing tool to drive footfall into the store. Looking forward, we see these trends continuing, compounded by the fact that both duty and supplier costs are increasing faster than general inflation. This reinforces our decision to exit from value orientated, drinks led pubs.

In contrast, between 2004 and 2009 eating out grew at over 4% per annum, driven by long term social factors including increasing wealth, affordability of meals and the higher proportion of working women. Although the recession caused a 2% decline in eating out in 2009, we expect this to revert back to the long term trend as the economy returns to growth. This is one of the key reasons behind our sustained focus on the growth of food led offers across all our pubs.

Our Strategy

In March we announced an acceleration of our growth plans to invest in our brands in the eating out market segment. We see significant potential for growth both in like-for-like sales as well as in numbers of pubs and have categorised the brands into two groups dependent on their potential for expansion:

Active expansion	Selective expansion
Crown Carveries (111 pubs)	All Bar One (37 pubs)
Harvester (170 pubs)	Browns (14 pubs)
Premium Country Dining Group (63 pubs)	Metro-Professionals (103 pubs)
Sizzling Pub Co. (198 pubs)	Miller & Carter (17 pubs)
Toby (133 pubs)	Nicholson's (79 pubs)
Vintage Inns (222 pubs)	O'Neill's (62 pubs)

All these brands have high levels of customer satisfaction and loyalty with a potential to create value through increasing their number of sites. The six "Active" expansion brands have a market positioning that gives the opportunity for a substantial level of growth. We will therefore seek to increase the number of these market-leading food brands to around 1900 pubs; more than double the number of outlets currently. Our starting point will be to focus on where the investment returns are most attractive, namely the conversion of pubs in our existing estate to these brands; we will then seek to increase their distribution in leisure parks and other high traffic locations such as retail parks with good car parking; and eventually will seek to develop and test small footprint variants of Harvester and Toby on the High Street.

The "Selective" expansion brands have shown good growth but there is currently a more limited opportunity to increase their pub numbers. We will selectively expand these brands as and when opportunities arise particularly through conversions from within our own estate.

As brands develop and evolve, they may move between these categories, for example, Miller & Carter with only 17 pubs is clearly a brand in its early days, however dependent on how its offer develops we could opt to expand it more actively in the future.

Our overall objective is to own and operate brands which have the potential to build to at least 100 pubs or deliver an EBIT of more than £10m with an acceptable return on investment. This will enhance the focus of the business and enable better cost efficiencies.

We will be disciplined in our capital investment to ensure that we are creating shareholder value. Over the last three years we have materially reduced the cost of refitting our pubs and we will aim to take a further 15% from the incremental capital cost per square foot. We have also put in place minimum threshold cash returns on new invested capital.

We will continue to focus on improving the profitability of the business and are targeting an overall improvement in net operating margins of between 2-3% points over and above the 15.3% achieved in the last financial year. We will achieve this through improved menu development, enhanced purchasing gains and increased customer spend per head. It is encouraging to note that in the first half we have improved net operating margins by 1.6% points already.

Our 40,000 employees represent our most important asset and we are investing substantial amounts in staff training to enhance service levels and food standards whilst at the same time increasing productivity and efficiency. We have therefore recruited and trained over 35,000 people in the last 12 months, 10,000 of which are 21 or under. We have a strong track record of growth in staff contribution per hour and we will seek to improve our labour scheduling to ensure that labour costs do not rise as a percentage of sales.

FINANCIAL REVIEW

Group results

In the 28 weeks to 10 April, the Group delivered strong profit growth driven by a good sales performance with market share gains in food and drink as well as significant improvement in cost efficiencies. Total revenue was £1,037m, up 1.3% on last year. Operating profits were £156m, up 12.2% from £139m last year, driven by margin management, further operational efficiencies and deflationary costs.

Like-for-like sales growth in the first 33 weeks of the financial year was 1.8%, similar to that in the last financial year.

Same outlet like-for-like sales*	
Residential	2.4%
High Street	(0.2)%
Total	1.8%

*Weeks 1-33 to include the entire Easter period

The Residential estate continues to experience good sales growth across all its key brands, while sales on the High Street were marginally down, reflecting the greater pressures in this market.

Like-for-like food sales were up 4.3% and drink sales were up 0.3% in the first 33 weeks. Excluding VAT, average food spend per head was up 1.3% and drink spend was up 2.6% in the first half. Food volumes were up 3.3% against a pub eating out market down 5.8% and drink volumes were down 2.2% against a market down 7.3%, reflecting continued market share gains.

Other sales excluding food and drink were down 2.3% on a like-for-like basis in the first 33 weeks, an improvement on the trend shown in FY2009, particularly in accommodation and bowling.

On an uninvested basis, which excludes pubs that received investment above their normal maintenance cycle, like-for-like sales were up 1.3%.

The gains in food spend per head and drink pricing, together with purchasing gains, menu improvements and tight control of wastage led to gross margins 0.9% points higher than the same period last year. Cash gross margins were up 2.8%.

There were £10m of regulatory costs incurred in the period, as a result of increases in the National Minimum Wage, holiday pay regulation, alcohol duty, landfill tax and business rates. This was offset by an £11m benefit from the reversal of energy inflation. Across the whole year we expect a total of £20m of regulatory and inflationary costs.

Our investment in the Whitbread assets acquired in 2008 resulted in £4m of incremental profit contribution against the same period last year. Other capital expenditure returns were offset by closure and pre-opening costs. As the capital investment programme increases in the second half, we anticipate an increase of closure and pre-opening costs in the region of £2m to £3m compared to the same period last year.

Our efficiency and productivity savings are progressing well with substantial savings in menu engineering, stock wastage, energy efficiency, overhead reduction and purchasing and we now anticipate delivering cost savings of £25m in the year, up £5m on previous expectations.

Our outlet staff costs as a percentage of total sales were 24.9%, slightly higher than last year. Overall, retail operating margin before exceptional items and other adjustments increased by 1.6% points against the first half last year to 15.2%.

Capital expenditure in the half was £68m, of which £9m was on expansionary projects. Disposals worth £21m were made in the first half. Overall the disposals were made at a small gain of £3m against book value.

Standard Commercial Property Developments (SCPD) incurred a £2m loss in the first half representing a provision against a disposal of development property in the second half. The sale has now been completed generating £7m of cash inflows.

Property
The Board has reviewed the valuation of its property estate which was last updated at 26 September 2009. Given the continued strong trading performance, the Board believes that its pubs remain fairly valued at £4.5bn at the half year.

As announced in the Strategy Review in March, we will separately report property and retail business returns as part of our final results.

Exceptional items and other adjustments
Exceptional items and other adjustments comprised of a £3m profit on property disposals and a £4m net pensions finance charge.

Finance costs and revenue
Net finance charges in the first half were £83m, £9m lower than the previous year due to the continuing reduction of debt in the business. We expect our blended group interest rate to be approximately 6.2% for the full year.

Taxation
The tax charge for the first half was £20m. The effective rate for the first half was 28% and this is expected to be the effective rate for the full year.

Earnings per share
As a result of sales growth, strong cost control and deflationary costs, earnings per share were 13.0p before exceptional items and other adjustments, an increase of 54.8% on the prior year. Earnings per share were 12.8p after exceptional items and other adjustments.

Dividends
As announced previously the Board is currently targeting the Company's cash flow generation on reducing debt levels. The Board remains committed to a resumption of dividend payments and will review the position at the year end.

Cash flow and net debt
Net debt has reduced by £87m in the half year due to the strong cash flows generated by the business. The ratio of net debt to annualised EBITDA has decreased from 6.1 times at the last year end to 5.7 times at the half year.

Cash flow from operations was £215m before net capital expenditure but after £15m of cash paid in respect of the additional pension contributions. Gross capital expenditure was £68m, slightly lower than the £77m spent in the same period last year. Disposals of £21m were achieved in the first half. The net cash outflow relating to capital expenditure and disposals was £47m.

Net interest paid was £74m, £8m lower than the same period last year due to the reducing levels of net debt. £2m was received as a result of the exercise of share options. No cash

tax was paid in the period. The total net cash inflow was £96m, compared to £108m in the comparable period last year.

At 10 April 2010, the Group's net debt of £2,513m consisted of the securitised debt of £2,303m and drawings on the unsecured facility of £325m offset by cash of £115m.

The Group is partially financed by a medium term unsecured facility which matures in November 2011. Due to strong cash generation, during the half we accelerated the reduction of the facility from £550m to £475m and then to £425m to reduce interest payments. As at 10 April, the facility limit was £425m and drawings on it were £325m, and since the half year drawings have further reduced to £296m. The facility limit step downs are as follows:

Commencing after	Facility limit (£m)
2 March 2010	425
31 December 2010	338

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

Pension scheme triennial valuation
Negotiations with the pension schemes' Trustees have concluded with an agreed past service funding shortfall in the defined benefit scheme of £400m for actuarial purposes. As a result, the Group has agreed to increase annual additional contributions from £24m to £40m.

KEY PERFORMANCE INDICATORS

Mitchells & Butlers implements and monitors its performance against its strategy principally through three KPIs. The performance in the half 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 1.8% in the first 33 weeks of FY2010 (1.2% in the first 33 weeks of FY2009).

2. EPS growth - As a result of sales growth, purchasing and efficiency gains, earnings per share were 13.0p before exceptional items and other adjustments, an increase of 54.8% on the prior year (8.4p in H1 2009).

3. Incremental return on expansionary capital - Pre-tax returns of 29% are being achieved on the expansionary capital projects carried out over the last two years, which is well above our cost of capital (12% on the same basis at H1 2009).

The basis of KPI calculation is set out on page 19 of the 2009 Annual Report and Accounts.

RISK FACTORS AND UNCERTAINTIES
The risks and uncertainties that affect the company remain unchanged and are set out on pages 24-27 of the 2009 Annual Report and Accounts which are available on the Mitchells & Butlers web site at www.mbplc.com/ar09. In summary, these are:

1. Market-driven risks - consumer expenditure, consumer taste
2. Operational risks – pricing, supplier dynamics, service standards, health and safety, people, IT systems
3. Regulatory risks - national minimum wage and holiday pay, licensing and taxation

4. Financial risks – hedges, cash flows, pension funding, property valuation and security, material litigation

GROUP INCOME STATEMENT
for the 28 weeks ended 10 April 2010

	2010 28 weeks		2009 28 weeks		2009 52 weeks	
	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)	**1,037**	**1,037**	1,024	1,024	1,958	1,958
Operating costs before depreciation, amortisation and movements in the valuation of the property portfolio	**(812)**	**(812)**	(815)	(815)	(1,530)	(1,486)
Net profit/(loss) arising on property disposals	**-**	**3**	-	(3)	-	(8)
EBITDA[b]	**225**	**228**	209	206	428	464
Depreciation, amortisation and movements in the valuation of the property portfolio	**(69)**	**(69)**	(70)	(75)	(128)	(251)
Operating profit (Note 2)	**156**	**159**	139	131	300	213
Finance costs (Note 4)	**(83)**	**(83)**	(93)	(148)	(167)	(222)
Finance revenue (Note 4)	**-**	**-**	1	4	1	5
Net finance charge from pensions (Note 4)	**-**	**(4)**	-	(3)	-	(6)
Profit/(loss) before tax	**73**	**72**	47	(16)	134	(10)
Tax (expense)/credit (Note 5)	**(20)**	**(20)**	(13)	10	(38)	14
Profit/(loss) for the period	**53**	**52**	34	(6)	96	4
Earnings/(loss) per ordinary share (Note 6):						
Basic	**13.0p**	**12.8p**	8.4p	(1.5)p	23.6p	1.0p
Diluted	**13.0p**	**12.7p**	8.4p	(1.5)p	23.5p	1.0p

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 STATEMENT OF COMPREHENSIVE INCOME
for the 28 weeks ended 10 April 2010

	2010 28 weeks £m	2009 28 weeks £m	2009 52 weeks £m
Profit/(loss) for the period	**52**	(6)	4
Other comprehensive income:			
Unrealised gain on revaluation of the property portfolio	**-**	-	17
Actuarial losses on defined benefit pension schemes (Note 12)	**(30)**	(30)	(174)
Exchange differences on translation of foreign operations	**-**	5	1
Cash flow hedges:			
- Losses arising during the period	**(15)**	(73)	(88)
- Less: reclassification adjustments for gains/(losses) included in profit or loss	**13**	(53)	(11)
	(2)	(126)	(99)
Other comprehensive loss	**(32)**	(151)	(255)
Tax relating to items of other comprehensive income/(loss)	**12**	46	65
Total comprehensive income/(loss) for the period attributable to owners of the parent	**32**	(111)	(186)

GROUP BALANCE SHEET
10 April 2010

ASSETS	**2010 10 April £m**	2009 11 April £m	2009 26 September £m
Goodwill and other intangible assets	**-**	2	1
Property, plant and equipment (Note 7)	**4,338**	4,602	4,461
Lease premiums	**9**	10	10
Deferred tax asset	**93**	108	87
Derivative financial instruments	**18**	11	6
Total non-current assets	**4,458**	4,733	4,565
Inventories	**37**	40	38
Trade and other receivables	**50**	55	40
Derivative financial instruments	**-**	15	-
Cash collateral deposits (Note 9)	**2**	22	2
Cash and cash equivalents (Note 9)	**110**	102	105
Total current assets	**199**	234	185
Non-current assets held for sale	**124**	12	19
Total assets	**4,781**	4,979	4,769
LIABILITIES			
Borrowings	**(55)**	(208)	(59)
Derivative financial instruments	**(49)**	(71)	(50)
Trade and other payables	**(284)**	(260)	(270)
Current tax liabilities	**(15)**	(3)	(1)
Total current liabilities	**(403)**	(542)	(380)
Borrowings	**(2,592)**	(2,588)	(2,660)
Derivative financial instruments	**(65)**	(158)	(60)
Pension liabilities (Note 12)	**(147)**	(39)	(130)
Deferred tax liabilities	**(539)**	(584)	(542)
Total non-current liabilities	**(3,343)**	(3,369)	(3,392)
Total liabilities	**(3,746)**	(3,911)	(3,772)
Net assets attributable to owners of the parent	**1,035**	1,068	997
EQUITY			
Called up share capital	**35**	35	35
Share premium account	**19**	15	17
Capital redemption reserve	**3**	3	3
Revaluation reserve	**702**	691	703
Own shares held	**(2)**	(2)	(2)
Hedging reserve	**(89)**	(107)	(87)
Translation reserve	**13**	17	13
Retained earnings	**354**	416	315
Total equity attributable to owners of the parent	**1,035**	1,068	997

GROUP CASH FLOW STATEMENT
for the 28 weeks ended 10 April 2010

	2010 28 weeks £m	2009 28 weeks £m	2009 52 weeks £m
Cash flow from operations (Note 8)	**215**	188	426
Net interest paid	**(74)**	(82)	(160)
Tax received	**-**	21	21
Exceptional interest on tax credits	**-**	3	4
Net cash from operating activities	**141**	130	291
Investing activities			
Purchases of property, plant and equipment	**(68)**	(76)	(128)
Purchases of intangibles (computer software)	**-**	(1)	(1)
Proceeds from sale of property, plant and equipment	**7**	15	31
Proceeds from disposal of non-current assets held for sale	**14**	38	41
Transfers to cash collateral deposits	**-**	(20)	-
Net cash used in investing activities	**(47)**	(44)	(57)
Financing activities			
Issue of ordinary share capital	**2**	2	4
Repayment of principal in respect of securitised debt	**(23)**	(22)	(45)
Repayment of principal in respect of other borrowings	**(68)**	(93)	(120)
Expenditure associated with refinancing	**-**	-	(2)
Derivative financial instruments closure costs	**-**	-	(95)
Net cash used in financing activities	**(89)**	(113)	(258)
Net increase/(decrease) in cash and cash equivalents (Note 10)	**5**	(27)	(24)
Cash and cash equivalents at the beginning of the period	**105**	129	129
Cash and cash equivalents at the end of the period	**110**	102	105

Cash and cash equivalents are defined in note 9.

GROUP STATEMENT OF CHANGES IN EQUITY
for the 28 weeks ended 10 April 2010

	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 27 September 2008	34	14	3	697	(3)	(16)	12	434	**1,175**
Share capital issued	1	1	-	-	-	-	-	-	**2**
Release of own shares	-	-	-	-	1	-	-	(1)	**-**
Revaluation reserve realised on disposal of properties	-	-	-	(6)	-	-	-	6	**-**
Total comprehensive income for the period	-	-	-	-	-	(91)	5	(25)	**(111)**
Tax on share-based payments taken directly to equity	-	-	-	-	-	-	-	2	**2**
At 11 April 2009	35	15	3	691	(2)	(107)	17	416	**1,068**
Share capital issued	-	2	-	-	-	-	-	-	**2**
Credit in respect of share-based payments	-	-	-	-	-	-	-	3	**3**
Revaluation reserve realised on disposal of properties	-	-	-	(2)	-	-	-	2	**-**
Total comprehensive income for the period	-	-	-	14	-	20	(4)	(105)	**(75)**
Tax on share-based payments taken directly to equity	-	-	-	-	-	-	-	(1)	**(1)**
At 26 September 2009	35	17	3	703	(2)	(87)	13	315	**997**
Share capital issued	-	2	-	-	-	-	-	-	**2**
Credit in respect of share-based payments	-	-	-	-	-	-	-	2	**2**
Revaluation reserve realised on disposal of properties	-	-	-	(1)	-	-	-	1	**-**
Total comprehensive income for the period	-	-	-	-	-	(2)	-	34	**32**
Tax on share-based payments taken directly to equity	-	-	-	-	-	-	-	2	**2**
At 10 April 2010	35	19	3	702	(2)	(89)	13	354	**1,035**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Basis of preparation and accounting policies
The interim financial statements have been prepared in accordance with International 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 2009.

The interim financial statements are unaudited and do not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. They were approved by a duly appointed and authorised committee of the Board of Directors on 18 May 2010. The financial information for the year ended 26 September 2009 is extracted from the annual accounts for the year ended 26 September 2009, which have been delivered to the Registrar. The auditors' report on the annual accounts for the year ended 26 September 2009 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.

Except as described below, the interim financial statements have been prepared on a consistent basis using the accounting policies set out in the Annual report and accounts 2009. Details of these accounting policies can also be accessed within the investors section of the Group's website at www.mbplc.com.

New standards and interpretations have been adopted as follows:

IAS 1 (R): Presentation of financial statements

The revised standard introduces the statement of comprehensive income which presents all items of comprehensive income, in either one single statement or two linked statements. The Group has elected to present two statements, with the 'Group statement of recognised income and expense' being renamed to become 'Group statement of comprehensive income'. A Group statement of changes in equity has also been provided as this is now required under this standard.

IFRS 8: Operating segments

The Group has adopted IFRS 8 in these interim financial statements for the first time and this has resulted in a change in the presentation of its segmental financial information (see Note 2).

The following new standards have been adopted for the first time but have had no impact on these accounts. An explanation of the standards was provided in the Annual report and accounts 2009:

IFRIC 14: 'IAS 19 The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'; IFRS 2 Share-Based Payment vesting conditions and cancellations (amendments).

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 include profits and losses on the disposal of properties and 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 IAS 39 movements and the IAS 19 net pensions finance charge. Further information is available in the Annual report and accounts 2009.

Exchange rates
The results of overseas operations have been translated into sterling at the average euro rate of exchange for the period of £1=€1.13 (2009 28 weeks, £1=€1.15; 52 weeks, £1=€1.15). Euro and US dollar denominated assets and liabilities have been translated into sterling at the relevant rate of exchange at the balance sheet date of £1=€1.12 (11 April 2009, £1=€1.11; 26 September 2009, £1=€1.09) and £1=$1.54 (11 April 2009, £1=$1.47; 26 September 2009, £1=$1.60) respectively.

2 SEGMENTAL ANALYSIS

IFRS 8 has been adopted in these accounts for the first time. This 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. Following the adoption of IFRS 8, the Group has revised its operating segments. Previously segments were determined and presented in accordance with IAS 14 and the segments were 'Pubs & Bars' and 'Restaurants' reflecting the way that the business was structured. The Group has a variety of different brands and formats and these were consolidated into one segment in accordance with IFRS 8 in the second half of 2009. The Group's Bowls, Lodges, German pub restaurant and property development businesses are not material enough to constitute reportable segments as defined by IFRS 8. During the first half of the year therefore, the Group had only one reportable segment, that of managed pub restaurants. The CODM uses Operating profit before exceptional items as the key measure of the segment results.

In the strategy review statement issued on 24 March 2010, the Group noted that in future it intends 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. The Group is currently in the process of reflecting this in its internal management reporting and will update its segment disclosures once this is complete.

	2010 28 weeks £m	2009 28 weeks £m	2009 52 weeks £m
Revenue[a]	**1,037**	1,024	1,958
EBITDA before exceptional items	**225**	209	428
Depreciation and amortisation	**(69)**	(70)	(128)
Operating profit before exceptional items	**156**	139	300
Exceptional items	**3**	(8)	(87)
Operating profit	**159**	131	213
Net finance charge	**(87)**	(147)	(223)
Profit before tax	**72**	(16)	(10)

a £21m (2009 28 weeks, £21m; 52 weeks, £47m) of the Group's revenue was generated in Germany, with the remainder generated in the UK.

3 EXCEPTIONAL ITEMS

	Notes	**2010 28 weeks £m**	2009 28 weeks £m	2009 52 weeks £m
Operating exceptional items				
Exceptional pension credit	a	**-**	-	44
		-	-	44
Profits on disposal of properties		**6**	7	10
Losses on disposal of properties		**(3)**	(10)	(18)
Net profit/(loss) arising on property disposals		**3**	(3)	(8)
Movements in the valuation of the property portfolio				
- Revaluation adjustments	b	**-**	-	(52)
- Impairment arising from the revaluation	b	**-**	-	(66)
- Impairment arising on classification of non-current assets held for sale	b	**-**	(5)	(5)
Total movements in the valuation of the property portfolio		**-**	(5)	(123)
Total operating exceptional items		**3**	(8)	(87)
Exceptional finance costs and revenue				
Total cost of derivative financial instruments closed out in the period		**-**	-	(95)
Less: amounts charged against profit in prior periods		**-**	-	40
Movement in fair value of derivative financial instruments closed out (Note 4)	c	**-**	-	(55)
Exceptional interest on tax credits (Note 4)	d	**-**	3	4
			3	(51)
Total exceptional items before tax		**3**	(5)	(138)
IAS 39 movements (Note 4)	e	**-**	(55)	-
Net pensions finance charge (Note 12)	e	**(4)**	(3)	(6)
Other adjustments		**(4)**	(58)	(6)
Total exceptional items and other adjustments before tax		**(1)**	(63)	(144)
Tax credit relating to above items		**-**	15	36
Exceptional tax released in respect of prior years	d	**-**	8	16
Tax credit on exceptional items and other adjustments		**-**	23	52
Total exceptional items and other adjustments after tax		**(1)**	(40)	(92)

a Relates to the impact of pension changes introduced in the prior period.

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

c Movement in fair value of derivative financial instruments closed out represents the fair value movement during the prior period of the derivative financial instruments closed out in May 2009. The movement of £55m charged in the prior period comprises an amount of £(95)m representing the total cash cost before taxation of terminating these instruments, less amounts charged against profit in previous periods of £40m.

d Provisions of £16m were released in 2009 relating to tax matters which have been settled principally relating to demerger costs and qualifying capital expenditure. In addition £4m of interest arising on the settlement of prior year tax matters was received in the prior period.

e IAS 39 movements and the net pensions finance charge are non-cash adjustments which are excluded from adjusted profit.

All exceptional items relate to continuing operations.

4 FINANCE COSTS AND REVENUE

	2010 28 weeks £m	2009 28 weeks £m	2009 52 weeks £m
Finance costs			
Securitised and other debt	**(83)**	(93)	(167)
Exceptional finance costs: - movement in fair value of derivative financial instruments closed out (Note 3)	**-**	-	(55)
IAS 39 movements[a] (Note 3)	**-**	(55)	-
Exceptional finance costs and IAS 39 movements	**-**	(55)	(55)
	(83)	(148)	(222)
Finance revenue			
Interest receivable	**-**	1	1
Exceptional interest on tax credits (Note 3)	**-**	3	4
	-	4	5
Net finance charge from pensions (Note 12)	**(4)**	(3)	(6)

a IAS 39 movements represent the movements during the prior period in the fair value of the Group's derivative financial instruments which do not qualify for hedge accounting. These were terminated in May 2009.

5 TAX EXPENSE/(CREDIT)

	2010 28 weeks £m	2009 28 weeks £m	2009 52 weeks £m
Current tax	**14**	(7)	(8)
Deferred tax	**6**	(3)	(6)
	20	(10)	(14)
Further analysed as tax relating to:			
Profit before exceptional items	**20**	13	38
Exceptional items (Note 3)	**1**	(7)	(50)
Other adjustments (Note 3)	**(1)**	(16)	(2)
	20	(10)	(14)

Tax has been calculated using an estimated annual effective tax rate of 28% (2009 28 weeks, 28%; 52 weeks actual, 28%) on profit before tax, exceptional items and other adjustments.

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), IAS 39 movements (see note 4) 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 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**
IAS 39 movements, net of tax	**-**	**-**	**-**
Net pensions finance charge, net of tax	**3**	**0.7 p**	**0.8 p**
Adjusted profit/EPS	**53**	**13.0 p**	**13.0 p**
28 weeks ended 11 April 2009			
Loss for the period	(6)	(1.5)p	(1.5)p[a]
Exceptional items, net of tax	(2)	(0.5)p	(0.5)p
IAS 39 movements, net of tax	40	9.9 p	9.9 p
Net pensions finance charge, net of tax	2	0.5 p	0.5 p
Adjusted profit/EPS	34	8.4 p	8.4 p
52 weeks ended 26 September 2009			
Profit for the period	4	1.0 p	1.0 p
Exceptional items, net of tax	88	21.7 p	21.6 p
IAS 39 movements, net of tax	-	-	-
Net pensions finance charge, net of tax	4	0.9 p	0.9 p
Adjusted profit/EPS	96	23.6 p	23.5 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 not dilutive in accordance with IAS 33 'Earnings per Share'.

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

	2010 28 weeks millions	2009 28 weeks millions	2009 52 weeks millions
For basic EPS calculations	**407**	405	406
Effect of dilutive potential ordinary shares:			
Contingently issuable shares	**1**	1	1
Other share options	**1**	-	1
For diluted EPS calculations	**409**	406	408

7 PROPERTY, PLANT AND EQUIPMENT

	2010 28 weeks £m	2009 28 weeks £m	2009 52 weeks £m
At beginning of period	**4,461**	4,545	4,545
Exchange differences	**-**	4	-
Additions	**68**	69	121
Revaluation	**-**	-	(101)
Disposals	**(4)**	(6)	(30)
Depreciation provided during the period	**(67)**	(67)	(124)
Net movement in assets held for sale	**(120)**	57	50
At end of period	**4,338**	4,602	4,461

Freehold and long leasehold land and buildings are stated at market value. Short leasehold properties and fixtures, fittings and equipment are held at deemed cost at transition to IFRS less depreciation and impairment.

At 10 April 2010, amounts contracted for but not provided in the financial statements for the acquisition of property, plant and equipment were £20m (11 April 2009, £16m; 26 September 2009, £18m).

8 CASH FLOW FROM OPERATIONS

	2010 28 weeks £m	2009 28 weeks £m	2009 52 weeks £m
Operating profit	**159**	131	213
Add back: operating exceptional items	**(3)**	8	87
Operating profit before exceptional items	**156**	139	300
Add back:			
Depreciation of property, plant and equipment	**67**	67	124
Amortisation of intangibles (computer software)	**1**	3	3
Amortisation of lease premiums	**1**	-	1
Cost charged in respect of share remuneration	**2**	-	3
Defined benefit pension cost less regular cash contributions	**(2)**	(2)	(5)
Operating cash flow before exceptional items, movements in working capital and additional pension contributions	**225**	207	426
Movements in working capital and pension contributions:			
Decrease/(increase) in inventories	**1**	(1)	1
(Increase)/decrease in trade and other receivables	**(10)**	16	31
Increase/(decrease) in trade and other payables	**14**	(18)	(7)
Movement in provisions	**-**	(1)	(1)
Additional pension contributions	**(15)**	(15)	(24)
Cash flow from operations	**215**	188	426

9 ANALYSIS OF NET DEBT

	2010 10 April £m	2009 11 April £m	2009 26 September £m
Cash and cash equivalents (see below)	**110**	102	105
Cash collateral deposits (see below)	**2**	22	2
Securitised debt (see below)	**(2,325)**	(2,381)	(2,331)
Derivatives hedging balance sheet debt[a]	**22**	36	12
Other borrowings and finance leases (see below)[b]	**(322)**	(415)	(388)
	(2,513)	(2,636)	(2,600)

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.

b Borrowings of £9m included within cash and cash equivalents at 11 April 2009 (27 September 2008 £nil) have been reclassified as 'Other borrowings and finance leases' within the amount shown for that period above, as no right of offset was available against the Group's cash balances.

Cash and cash equivalents

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and in hand plus cash deposits with an original maturity of three months or less. At 10 April 2010, Mitchells & Butlers Retail Limited had cash and cash equivalents of £96m (11 April 2009 £82m, 26 September 2009 £91m) which were governed by the covenants associated with the securitisation. Of this amount £29m (11 April 2009 £15m, 26 September 2009 £15m), 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 10 April 2010 exclude an amount of £45m (11 April 2009 £42m, 26 September £18m) posted by the Group's swap providers within the securitisation. This amount was posted 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 held in escrow against the MABETUS pension scheme arrangements.

Securitised debt

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

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

The overall cash interest rate payable on the loan notes is fixed at 5.7% after taking account of interest rate hedging and monoline insurance costs. The notes are secured on the majority of the Group's property and future income streams therefrom.

The carrying value of the securitised debt in the Group balance sheet at 10 April 2010 is analysed as follows:

	2010 10 April £m	2009 11 April £m	2009 26 September £m
Principal outstanding at beginning of period	**2,342**	2,353	2,353
Principal repaid during the period	**(23)**	(22)	(45)
Exchange on translation of dollar loan notes	**11**	58	34
Principal outstanding at end of period	**2,330**	2,389	2,342
Deferred issue costs	**(14)**	(17)	(15)
Accrued interest	**9**	9	4
Carrying value at end of period	**2,325**	2,381	2,331

Other borrowings and finance leases
As at 26 September 2009 the Group had a £550m term and revolving credit facility available to it which incurs interest at LIBOR plus a margin. The facility reduced to £425m as at 10 April 2010 following the prepayment of £75m on 30 September 2009 and a further £50m on 2 March 2010. The Group had drawn an amount of £325m (11 April 2009, £411m; 26 September 2009, £383m) against the facility as at 10 April 2010, which is included in the 'Other borrowings' balance above net of deferred issue costs of £4m (11 April 2009, £7m; 26 September 2009, £7m). The facility will reduce to £338m on 31 December 2010 and expires on 30 November 2011.

Finance leases of £1m, as at 10 April 2010 (11 April 2009, £2m; 26 September 2009, £2m), are included within the 'Other borrowings and finance leases' balance above.

Funding and liquidity position
The Group's available secured debt and unsecured banking facilities, 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

	2010 10 April £m	2009 11 April £m	2009 26 September £m
Net increase/(decrease) in cash and cash equivalents	**5**	(27)	(24)
Add back cash flows in respect of other components of net debt:			
Transfers to cash collateral deposits	**-**	20	-
Repayment of principal in respect of securitised debt	**23**	22	45
Repayments of principal in respect of other borrowings and finance leases	**68**	93	120
Decrease in net debt arising from cash flows ('Net cash flow' per Note 11)	**96**	108	141
Non-cash movements	**(9)**	(9)	(6)
Decrease in net debt	**87**	99	135
Opening net debt	**(2,600)**	(2,735)	(2,735)
Closing net debt	**(2,513)**	(2,636)	(2,600)

11 NET CASH FLOW

	2010 28 weeks £m	2009 28 weeks £m	2009 52 weeks £m
Operating profit before exceptional items	**156**	139	300
Depreciation and amortisation	**69**	70	128
EBITDA before exceptional items[a]	**225**	209	428
Working capital movement	**5**	(4)	24
Other non-cash items	**-**	(2)	(2)
Additional pension contributions	**(15)**	(15)	(24)
Cash flow from operations before exceptional items	**215**	188	426
Net capital expenditure[b]	**(47)**	(24)	(57)
Cash flow from operations before exceptional items and after net capital expenditure	**168**	164	369
Net interest paid	**(74)**	(82)	(160)
Tax received	**-**	21	21
Exceptional interest on tax credits	**-**	3	4
Issue of ordinary share capital	**2**	2	4
Expenditure associated with refinancing	**-**	-	(2)
Derivative financial instruments closure costs	**-**	-	(95)
Net cash flow (Note 10)	**96**	108	141

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.

12 PENSIONS

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

	2010 28 weeks £m	2009 28 weeks £m	2009 52 weeks £m
Operating profit			
Current service cost (defined benefit plans)	**(5)**	(6)	(10)
Current service cost (defined contribution plans)	**(1)**	(1)	(2)
Exceptional pension credit (Note 3)	**-**	-	44
Operating profit (charge)/credit	**(6)**	(7)	32
Finance income			
Expected return on pension scheme assets	**38**	40	73
Interest on pension scheme liabilities	**(42)**	(43)	(79)
Net finance charge (Note 4)	**(4)**	(3)	(6)
Total (charge)/credit	**(10)**	(10)	26

Pension deficit is analysed as follows:

	2010 10 April £m	2009 11 April £m	2009 26 September £m
Fair value of scheme assets	**1,356**	1,126	1,280
Present value of scheme liabilities	**(1,503)**	(1,165)	(1,410)
Deficit in the schemes recognised as a liability in the balance sheet	**(147)**	(39)	(130)
Associated deferred tax asset	**41**	11	36

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

	2010 28 weeks £m	2009 28 weeks £m	2009 52 weeks £m
At beginning of period	**(130)**	(23)	(23)
Charge in the Group income statement (defined benefit plans)	**(9)**	(9)	(16)
Exceptional pension credit (Note 3)	**-**	-	44
Contributions paid	**22**	23	39
Actuarial losses	**(30)**	(30)	(174)
At end of period	**(147)**	(39)	(130)

The principal financial and mortality assumptions used by the actuaries at the balance sheet date were consistent with those disclosed in the 2009 Annual report and accounts with the exception of the inflation rate assumption of 3.8% (11 April 2009, 3.2%; 26 September 2009, 3.3%) and the discount rate assumption of 5.6% (11 April 2009, 6.7%, 26 September 2009, 5.5%) which have been updated to reflect changes in market conditions in the period.

The detailed results of the triennial actuarial valuation of the pension schemes at 31 March 2010 are expected to be finalised later in the year. The Company has reached agreement with the pension trustees in advance of this, on the actuarial assumptions to be used for the valuation and the funding required to close the deficit. The recovery plan agreed with the Trustees to close the funding deficit in respect of the pension scheme liabilities will require the Group to make further additional contributions of £40m during the financial year 2010 and £40m in each of the financial years from 2011 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.

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 **EVENTS AFTER THE BALANCE SHEET DATE**

On 18 May 2010, the Company agreed the principal actuarial assumptions to be used for the triennial actuarial valuation of the pension schemes at 31 March 2010 and the funding required to close the deficit (see Note 12).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm to the best of their knowledge that this condensed set of financial statements, 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 that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

On behalf of the Board

Adam Fowle
Chief Executive
18 May 2010

Jeremy Townsend
Finance Director
18 May 2010

INDEPENDENT REVIEW REPORT TO MITCHELLS & BUTLERS PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the 28 week period ended 10 April 2010, which comprise of the Group income statement, Group statement of comprehensive income, Group balance sheet, Group cash flow statement, Group 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 statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ('ISRE 2410 (UK and Ireland)') issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The 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 statements 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 statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with ISRE 2410 (UK and Ireland) issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 28 week period ended 10 April 2010 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.

Ernst & Young LLP
Birmingham
18 May 2010