22 November 2011

MITCHELLS & BUTLERS PLC
FINAL RESULTS
(For the 52 weeks ended 24 September 2011)

Retained Estate[a] highlights

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

	FY 2011 £m	FY 2010 £m	% growth
Revenue[a]	1,762	1,680	4.9
EBITDA[a]	398	391	1.8
Operating profit[a]	288	285	1.1

- Total sales up 4.9% including food sales up 7.8%
- Operating profit up 1.1% and operating margin at 16.3%
- EBITDA returns of 21% achieved on expansionary capex invested over the last two years
- Net debt reduced by over £400m; net debt:EBITDA now at 4.7 times

- Like-for-like sales in FY 2011 of +2.6% with food like-for-like sales of +4.8%
- Like-for-like sales growth of 2.0% in first 8 weeks of FY 2012

Bob Ivell, Executive Chairman, commented:

"This is a resilient set of results despite a challenging year with a difficult consumer environment, board changes and a takeover approach. Mitchells & Butlers is a good business and our ambition is to make it a great business. We have a number of initiatives in place to do this including the simplification of our central support functions to enhance business performance. Overall, this gives us confidence in successfully growing the business in the year ahead."

Total Group performance

Total Group results include the impact from the major disposals of pubs, bowls and lodges.

	FY 2011 £m	FY 2010 £m	% growth
Revenue	1,796	1,980	(9.3)
Adjusted operating profit[b]	294	322	(8.7)
Adjusted profit before tax[b]	156	169	(7.7)
Profit before tax	132	(127)	-
Adjusted earnings per share[c]	28.0p	29.7p	(5.7)
Basic earnings per share	30.7p	(20.6p)	-

Notes
a - 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 (a property company holding a small, residual land bank). This is shown in note 2
b - Adjusted operating profit and adjusted profit before tax are stated before exceptional items and other adjustments as set out in note 3
c - Adjusted earnings per share is profit after tax before exceptional items and other adjustments, divided by the weighted average number of ordinary shares in issue

There will be a presentation for analysts and investors at 8.30am at Nomura International plc, 1 Angel Lane, London, EC4R 3AB. A live webcast of the presentation will be available at www.mbplc.com. The conference will also be accessible by phone by dialling +44 207 153 8942, quote "Mitchells & Butlers", the replay will be available until 06/12/11 on +44 121 260 4861 replay access pin 5448126#.

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

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Notes for editors:

- Mitchells & Butlers' 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 at www.mbplc.com and supporting photography can be downloaded at www.mbplc.com/imagelibrary.

- Mitchells & Butlers serves around 125 million meals and 425 million drinks each year and is one of the largest operators within the UK's £70 billion eating and drinking out market.
- Like-for-like sales growth includes the sales performance against the comparable period in the prior year of all UK managed pubs that were trading in the two periods being compared. For the 52 weeks to 24 September 2011, 94% of the estate is included in this measure.

EXECUTIVE CHAIRMAN'S REVIEW

Mitchells & Butlers is the UK's largest operator of restaurants and pubs, with a leading portfolio of well-recognised brands and a high quality freehold estate. Food is our largest selling product having grown by 30% over the last four years and this has helped generate a 16% rise in profits per site over the same period. As a result, the estate has high average weekly sales and annual profitability per site, at over £22k and £180k respectively, both well above the average of our major competitors.

This year has seen good progress towards achieving our strategic objectives despite a challenging consumer and inflationary cost environment. We continue to actively develop and implement a number of sales and cost initiatives that will help further enhance our competitive position.

Sales growth

The Retained Estate delivered 4.9% sales growth in the year with total food sales growth of 7.8% and drinks sales up 2.3%.

On a like-for-like basis, sales growth in the financial year was 2.6% with food like-for-like sales up 4.8% and drink up 1.0%.

Like-for-like sales growth	FY 2010 Week 1-52	FY 2011 Week 1-52	FY 2012 Week 1-8
Total	2.8%	2.6%	2.0%
Food	4.7%	4.8%	1.8%
Drink	1.4%	1.0%	3.0%

Over the first eight weeks of the new financial year our like-for-like sales grew by 2.0% which reflects the impact of strong early sales, driven by good weather, on an underlying current run rate of around 1%.

Operating profit

The Retained Estate operating profit increased in the year by 1.1% driven by higher sales and increasing pub numbers.

Operating margin was down 0.7 percentage points to 16.3% due to a number of inflationary and regulatory pressures. These industry-wide cost rises relate to increases in food, energy, alcohol duty, National Minimum Wage, business rates and the introduction of the Carbon Reduction Commitment. Efficiencies in areas such as purchasing and wastage reduction mitigated some of the impact of these cost pressures.

Brand roll-out

There continue to be good freehold and leasehold investment opportunities to develop new sites across our brand portfolio. As a result 53 new sites were opened in the year, slightly ahead of our target of 50 new openings. These include 21 of the 22 Ha Ha Bar & Grill sites acquired in November 2010, 16 new sites on leisure and retail parks and 16 other, mainly freehold sites. During the year we also converted 48 of our existing sites to our expansion brands.

EBITDA returns on expansionary capital have improved from 19% as at the half year to 21%, with our new openings programme performing especially well. Within this, our investments in leasehold retail and leisure park sites have delivered particularly strong returns of over 30% and we see a good pipeline of opportunities to expand further in this area, alongside our continued investments in new freehold sites.

Business initiatives

The Group is actively implementing a number of business initiatives to underpin future profitability and increase long term shareholder value. These include a reorganisation of the Group's IT infrastructure and an initiative to simplify the central support functions.

Central support processes will be improved by devolving greater responsibility and accountability to customer facing operations, in order to enhance the guest experience and continue to grow the business. The first stage of this programme is the appointment of Robin Young as Operations Director with accountable brand groups reporting directly into him, each led by a Brand Operations Director. Robin was previously Commercial Director and has significant operational and change management experience across a variety of companies. Further changes in operational and central support structures are anticipated and as a result, a consultation period is being initiated within the Group.

Outlook

The consumer environment remains challenging. We expect inflationary cost pressures to persist in the new financial year, especially from energy, duty and food. We will seek to mitigate the impact of these cost increases with the effective implementation of our business initiatives and will continue to take advantage of attractive capital investment opportunities. Overall, Mitchells & Butlers' strong portfolio of assets, brands and operational skills means that it is well positioned to grow further in the year ahead.

FINANCIAL REVIEW

Retained Estate results

Total revenues were up 4.9% to £1,762m, with food sales up 7.8% and drink sales up 2.3%. Food sales are now our largest income line, representing just over 48% of total sales and remain a key driver of total sales growth. We estimate that nearly three quarters of our sales relate to guests using our businesses to eat.

Despite an increasingly challenging consumer environment, across the full year, like-for-like sales growth was 2.6%. Food like-for-like sales were up 4.8% mainly driven by increasing food spend per head with the number of meals sold, slightly lower. Drink like-for-like sales were up 1.0% with volumes down, partly on the back of increasing duty costs that have led to higher average drink prices.

There were a number of inflationary cost increases during the year which were partially offset by efficiencies in purchasing and waste reduction. Outlet employment costs as a percentage of sales increased marginally by 0.1 percentage points to 24.8%.

Retained Estate EBITDA grew 1.8% to £398m and EBIT grew 1.1% to £288m. As a result of the cost pressures described above, operating margins were 16.3%.

Total Group results

Other operations including the 333 non-core pubs, Hollywood Bowl and lodges contributed £34m of revenue and £6m of operating profit in the year, against £300m of revenue and £37m of operating profit in the prior year (FY 2010). As a result, total Group revenues were down 9.3% to £1,796m and operating profit before exceptional items were down 8.7% to £294m.

Net interest costs were £138m, £15m lower than last year as a result of lower net debt and the repayment and cancellation of the unsecured medium term and revolving credit facility. Profit before tax and exceptional items was £156m, 7.7% lower than last year.

The pre-exceptional tax charge of £42m is an effective rate of 27% of profit before tax representing a small decrease from the previous year due mainly to the reduction in the UK standard rate of corporation tax.

Earnings per share before exceptional items were 28.0p, down 1.7p against last year. Statutory basic earnings per share after exceptional items were 30.7p. This compares to a 20.6p loss last year primarily due to an exceptional property revaluation charge in that year of £304m.

Internal rent

The system of internal rents implemented at the start of the year is now fully in place and aligns our internal performance measurement across leasehold and freehold sites.

Retained Estate	Operating £m	Property £m	Total £m
Turnover	1,762		1,762
EBITDAR	439		439
External Rent	(41)		(41)
Internal Rent	(190)	190	-
EBITDA	208	190	398
EBITDA %	11.8%		22.6%

Exceptional items and other adjustments

Total exceptional items and other adjustments decreased profits before tax by £24m and consisted of a charge of £13m relating to the curtailment of the defined benefit pension scheme as at March 2011 (see further below); a £5m net pensions finance charge; a £4m loss on the disposal of properties; and a £2m charge relating to the valuation of the property portfolio and impairment review. An exceptional deferred tax credit of £35m has been recognised which principally represents the tax impact of the above items including a release of deferred tax relating to asset disposals, as well as the impact of the reduction in the UK standard rate of corporation tax.

Dividends

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

Capital expenditure and disposals

Total capital expenditure in the year was £172m, a significant increase from £138m spent in FY 2010. £82m was invested in expansionary capital and £82m was spent maintaining and enhancing the high level of amenity in our pubs. A further £8m was spent on infrastructure projects including upgrades to our till systems, updates to the stock & labour scheduling systems and improvements to the energy efficiency of our restaurants and pubs.

In total the business raised £424m through disposals in the year.

Cash flow and balance sheet

A Red Book valuation of our freehold and long leasehold estate has been completed in conjunction with our property valuers in addition to an impairment review on the short leasehold and unlicensed assets. The overall increase of £71m represents a 2% increase in the estate valuation and is reflected as a £2m charge to the income statement and a £73m increase in reserves. We continue to moderate the value of our larger, high profitability sites as there are few comparable industry multiples for these high performing sites.

Cash flow from operations of £336m was generated by £404m of EBITDA, increased by £5m of non-cash items and reduced by £40m of additional contributions to the pension schemes and £33m due to working capital movements, principally relating to the disposed businesses. After payments for net interest of £134m, tax of £20m, maintenance capital expenditure of £90m and share capital inflows of £2m, free cash flow of £94m was generated in the year. After expansionary capital expenditure and proceeds from disposals, net cash flow in the year was £436m.

As a result, net debt reduced to £1,870m in the year, consisting of net debt within the securitisation of £2,089m and net cash held outside the securitisation of £219m. Total group net debt is a multiple of 4.7 times Retained Estate EBITDA, down from 5.1 times at the last year end.

Pensions

As reported last year, the defined benefit section of the pension plan ceased future accrual for active employees as at 13 March 2011. Employees were offered a transfer to the defined contribution section of the plan at this date. This transition led to an exceptional charge being recognised during the year of £13m due to the projected RPI increases for deferred pensions being higher than the 2% capped salary increases assumption for active members.

Following the closure of the defined benefit scheme on 12 March, the Company reviewed the appropriate accounting under IFRIC 14 for the Company's funding obligations and as a result of this review has restated the accounting at 25 September 2010, reducing both the pension liability and the related deferred tax asset.

The pre-tax pension deficit as at 24 September 2011 reduced to £37m (FY 2010: deficit of £143m). This reduction is due to an increase in corporate bond yields, which are used to discount scheme liabilities; an increase in the value of the scheme's assets mainly driven by higher government bond prices as yields fell; and additional Group contributions of £40m during the year.

53 weeks in FY 2012

The next financial year will be for the 53 weeks ending 29 September 2012.

Directors' statement on the annual report

The responsibility statement below has been prepared in connection with the Group’s full Annual Report for the 52 weeks ended 24 September 2011. Certain parts thereof are not included within this announcement.

Responsibility statement

We confirm to the best of our knowledge:

- The financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; and

- The Executive Chairman's Review, Financial Review and Risks and Uncertainties sections, which are incorporated into the directors’ report, include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole together with a description of the principal risks and uncertainties they face.

This responsibility statement was approved by the Board of Directors on 21 November 2011 and is signed on its behalf by Bob Ivell, Executive Chairman and Tim Jones, Finance Director.

GROUP INCOME STATEMENT
For the 52 weeks ended 24 September 2011

	2011 52 weeks			2010 52 weeks		
	Before exceptional items and other adjustments £m	Exceptional items and other adjustments[a] £m	Total £m	Before exceptional items and other adjustments £m	Exceptional items and other adjustments[a] £m	Total £m
Revenue	1,796	-	1,796	1,980	-	1,980
Operating costs before depreciation, amortisation and movements in the valuation of the property portfolio	(1,392)	(13)	(1,405)	(1,531)	-	(1,531)
Net (loss)/profit arising on property disposals	-	(4)	(4)	-	15	15
EBITDA[b]	404	(17)	387	449	15	464
Depreciation, amortisation and movements in the valuation of the property portfolio	(110)	(2)	(112)	(127)	(304)	(431)
Operating profit/(loss)	294	(19)	275	322	(289)	33
Finance costs	(141)	-	(141)	(153)	-	(153)
Finance revenue	3	-	3	-	-	-
Net finance charge from pensions	-	(5)	(5)	-	(7)	(7)
Profit/(loss) before tax	156	(24)	132	169	(296)	(127)
Tax (expense)/credit	(42)	35	(7)	(48)	91	43
Profit/(loss) for the period	114	11	125	121	(205)	(84)
Earnings/(loss) per ordinary share						
Basic	28.0p		30.7p	29.7p		(20.6)p
Diluted	27.7p		30.5p	29.4p		(20.6)p

a. Exceptional items and other adjustments (refer to note 3).
b. Earnings before interest, tax, depreciation, amortisation and movements in the valuation of the property portfolio.

GROUP STATEMENT OF COMPREHENSIVE INCOME
For the 52 weeks ended 24 September 2011

	2011 52 weeks £m	2010 52 weeks restated[a] £m
Profit/(loss) for the period	**125**	**(84)**
Other comprehensive income/(expense):		
Unrealised gain on revaluation of the property portfolio	73	69
Actuarial gains/(losses) on defined benefit pension schemes	84	(43)
Exchange differences on translation of foreign operations	-	(1)
Cash flow hedges:		
- Losses arising during the period	(118)	(131)
- Reclassification adjustments for losses included in profit or loss	37	47
Other comprehensive profit/(loss)	76	(59)
Tax (charge)/credit relating to items of other comprehensive profit/(loss)	(9)	37
Other comprehensive profit/(loss) after tax	**67**	**(22)**
Total comprehensive profit/(loss) for the period	**192**	**(106)**

a. Restated in respect of pension liabilities, see note 11.

GROUP BALANCE SHEET
24 September 2011

	2011	2010 restated[a]	2009
	£m	£m	£m
ASSETS			
Goodwill and other intangible assets	10	1	1
Property, plant and equipment	3,848	3,693	4,461
Lease premiums	6	8	10
Deferred tax asset	83	106	87
Derivative financial instruments	18	11	6
Total non-current assets	3,965	3,819	4,565
Inventories	25	25	38
Trade and other receivables	70	97	40
Other cash deposits	50	-	-
Cash collateral deposits	-	-	2
Cash and cash equivalents	306	227	105
Total current assets	451	349	185
Assets held for sale	-	434	19
Total assets	4,416	4,602	4,769
LIABILITIES			
Borrowings	(49)	(136)	(59)
Derivative financial instruments	(44)	(47)	(50)
Trade and other payables	(298)	(334)	(270)
Current tax liabilities	(17)	(8)	(1)
Total current liabilities	(408)	(525)	(380)
Borrowings	(2,197)	(2,409)	(2,660)
Derivative financial instruments	(235)	(149)	(60)
Other payables	(12)	(12)	-
Pension liabilities	(37)	(143)	(130)
Deferred tax liabilities	(429)	(464)	(542)
Provisions	(6)	(6)	-
Total non-current liabilities	(2,916)	(3,183)	(3,392)
Total liabilities	(3,324)	(3,708)	(3,772)
Net assets	1,092	894	997
EQUITY			
Called up share capital	35	35	35
Share premium account	21	20	17
Capital redemption reserve	3	3	3
Revaluation reserve	768	747	703
Own shares held	(5)	(8)	(2)
Hedging reserve	(214)	(149)	(87)
Translation reserve	12	12	13
Retained earnings	472	234	315
Total equity	1,092	894	997

a. Restated in respect of pension liabilities, see note 11.

GROUP CASH FLOW STATEMENT

For the 52 weeks ended 24 September 2011

	2011 52 weeks £m	2010 52 weeks £m
Cash flow from operations	336	457
Interest paid	(137)	(147)
Interest received	3	-
Tax paid	(20)	(8)
VAT refund received including interest	-	12
Net cash from operating activities	182	314
Investing activities		
Acquisition of Ha Ha Bar & Grill Limited	(20)	-
Acquisition of Intertain (Dining) Limited	(4)	-
Purchases of property, plant and equipment	(144)	(136)
Purchases of intangibles (computer software)	(4)	(2)
Proceeds from sale of property, plant and equipment	28	111
Proceeds from disposal of assets held for sale	396	19
Transfers from cash collateral deposits	-	2
Transfers to other cash deposits	(50)	-
Net cash used in investing activities	202	(6)
Financing activities		
Issue of ordinary share capital	1	3
Purchase of own shares	-	(6)
Proceeds on release of own shares	1	-
Repayment of principal in respect of securitised debt	(49)	(46)
Repayment of principal in respect of other borrowings	(259)	(136)
Net cash used in financing activities	(306)	(185)
Net increase in cash and cash equivalents	78	123
Cash and cash equivalents at the beginning of the financial period	228	105
Cash and cash equivalents at the end of the financial period[a]	306	228

a. Cash and cash equivalents at the end of the financial period of £306m (2010 £228m) includes £nil (2010 £1m) of cash and cash equivalents included within assets held for sale.

GROUP STATEMENT OF CHANGES IN EQUITY
For the 52 weeks ended 24 September 2011

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Revaluation reserve £m	Own shares held £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	**Total equity £m**
At 26 September 2009	35	17	3	703	(2)	(87)	13	315	**997**
Loss for the period	-	-	-	-	-	-	-	(84)	**(84)**
Other comprehensive income/(loss)	-	-	-	58	-	(62)	(1)	(17)	**(22)**
Total comprehensive income/(loss)	-	-	-	58	-	(62)	(1)	(101)	**(106)**
Share capital issued	-	3	-	-	-	-	-	-	**3**
Purchase of own shares	-	-	-	-	(6)	-	-	-	**(6)**
Credit in respect of share-based payments	-	-	-	-	-	-	-	4	**4**
Revaluation reserve realised on disposal of properties	-	-	-	(14)	-	-	-	14	**-**
Tax on share-based payments taken directly to equity	-	-	-	-	-	-	-	2	**2**
At 25 September 2010	35	20	3	747	(8)	(149)	12	234	**894**
Profit for the period	-	-	-	-	-	-	-	125	**125**
Other comprehensive income/(loss)	-	-	-	89	-	(65)	-	43	**67**
Total comprehensive income/(loss)	-	-	-	89	-	(65)	-	168	**192**
Share capital issued	-	1	-	-	-	-	-	-	**1**
Release of own shares	-	-	-	-	3	-	-	(2)	**1**
Credit in respect of share-based payments	-	-	-	-	-	-	-	6	**6**
Revaluation reserve realised on disposal of properties	-	-	-	(68)	-	-	-	68	**-**
Tax on share-based payments taken directly to equity	-	-	-	-	-	-	-	(2)	**(2)**
At 24 September 2011	35	21	3	768	(5)	(214)	12	472	**1,092**

1. GENERAL INFORMATION

Mitchells & Butlers plc, along with its subsidiaries, ('the Group') is required to prepare its consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and in accordance with the Companies Act 2006. Accordingly, the information contained within this release is based on the Group's financial statements which are prepared in accordance with International Financial Reporting Standards.

The preliminary financial statements include the results of Mitchells & Butlers plc and all its subsidiaries for the 52 week period ended 24 September 2011. The comparative period is for the 52 week period ended 25 September 2010. The respective balance sheets have been drawn up to 24 September 2011 and 25 September 2010 and 26 September 2009.

Exchange rates

The results of overseas operations have been translated into sterling at the weighted average euro rate of exchange for the financial period of £1 = €1.15 (2010 £1 = €1.15), where this is a reasonable approximation to the rate at the dates of the transactions. Euro and US denominated assets and liabilities have been translated at the relevant rate of exchange at the balance sheet date of £1 = €1.15 (2010 £1 = €1.17) and £1 = $1.55 (2010 £1 = $1.58) respectively.

Going concern

The Group's forecasts and projections updated following the completion of the disposal of 333 pubs to Stonegate for a consideration of £363m and, taking account of anticipated trading performance, show that the Group should be able to operate within the level of its current facilities.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and so they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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. Group assets are reviewed as part of this process but are not presented on a segment basis.

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.

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

	Retail Operating Business		Property Business		Total	
	2011 £m	2010 £m	2011 £m	2010 £m	2011 £m	2010 £m
Retained business						
Revenue	**1,762**	1,680	**-**	-	**1,762**	1,680
EBITDA pre exceptionals	**208**	201	**190**[c]	190[c]	**398**	391
Operating profit pre exceptionals	**110**	108	**178**	177	**288**	285
Other operations[a]						
Revenue					**34**	300
EBITDA pre exceptionals					**6**	58
Operating profit pre exceptionals					**6**	37
Total business						
Revenue[b]					**1,796**	1,980
EBITDA pre exceptionals					**404**	449
Operating profit pre exceptionals					**294**	322
Exceptional items and other adjustments[d]					**(19)**	(289)
Operating profit					**275**	33
Net finance costs					**(143)**	(160)
Profit before tax					**132**	(127)
Tax (expense)/credit					**(7)**	43
Profit/(loss) for the financial period					**125**	(84)

a. 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 52 weeks ended 24 September 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.

b. Revenue includes other income of £6m in respect of transitional services arrangements including those in relation to the disposal of pubs to Stonegate and £13m in relation to franchise operations.

c. The EBITDA pre-exceptionals of the property business relates entirely to rental income received from the retail operating business.

d. Refer to note 3.

3. EXCEPTIONAL ITEMS AND OTHER ADJUSTMENTS

	Notes	2011 52 weeks £m	2010 52 weeks £m
Operating exceptional items			
Exceptional pension charge	a	(13)	-
Profits on disposal of properties		6	26
Losses on disposal of properties		(10)	(11)
Net (loss)/profit arising on property disposals		(4)	15
Movements in the valuation of the property portfolio			
- Reversal/(impairment) arising from the revaluation	b	8	(256)
- Other impairment	b	(10)	(23)
- Impairment arising on classification of assets held for sale	b	-	(25)
Total movements in the valuation of the property portfolio		(2)	(304)
Total operating exceptional items (note 2)		**(19)**	**(289)**
Other adjustments			
Net pensions finance charge	c	(5)	(7)
Total exceptional items and other adjustments before tax		**(24)**	**(296)**
Tax credit relating to above items		25	77
Exceptional tax (charge)/credit in respect of prior years	d	(2)	9
Tax credit in respect of change in tax legislation	e	12	5
		35	91
Total exceptional items and other adjustments after tax		**11**	**(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.

b. Movements in the valuation of the property portfolio includes £8m of credit (2010 £256m of write down) arising from the Group's revaluation of its pub estate, £10m (2010 £23m) of other impairment on assets where their carrying values exceed their recoverable amount and £nil (2010 £25m) of impairment against assets transferred to non-current assets held for sale, where the expected net sale 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. The current year charge is an adjustment in respect of prior year disposals. The 2010 credit represents the release of provisions relating to tax matters which have been settled principally relating to disposals.

e. A deferred tax credit has been recognised in the current year following the changes enacted in legislation on 19 July 2011, which reduced the UK standard rate of corporation tax from 27% to 25% from 1 April 2012. A deferred tax credit has been recognised in the prior year following 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.

4. FINANCE COSTS AND REVENUE

	2011 52 weeks £m	2010 52 weeks £m
Finance costs		
Securitised and other debt – loans and receivables	(141)	(153)
Finance revenue		
Interest receivable – cash	3	-
Net finance charge in respect of pensions	(5)	(7)

5. TAXATION

	2011 52 weeks £m	2010 52 weeks £m	2009 52 weeks £m
Tax charged/(credited) in the income statement			
Current tax			
UK corporation tax	32	16	-
Amounts overprovided in previous years	(3)	(1)	(8)
Total current tax	29	15	(8)
Deferred tax:			
Origination and reversal of temporary differences	(13)	(45)	2
Adjustments in respect of prior years	3	(8)	(8)
Change in tax rate	(12)	(5)	-
Total deferred tax	(22)	(58)	(6)
Total tax charged/(credited) in the income statement	7	(43)	(14)

	2011 52 weeks £m	2010 52 weeks £m	2009 52 weeks £m
Tax relating to items recognised in equity			
Unrealised gains due to revaluations	1	4	(12)
Actuarial gains/(losses) on pension schemes	(25)	11	49
Cash flow hedges:			
- Losses arising during the period	30	36	25
- Reclassification adjustments for losses included in profit or loss	(15)	(14)	3
Tax (charge)/credit on items of other comprehensive (profit)/loss	(9)	37	65
Tax on share-based payments recognised directly in equity	(2)	2	1
Total tax (charge)/credit on items recognised in equity	(11)	39	66

6. EARNINGS PER SHARE

Basic earnings per share (EPS) has 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 dilutive potential ordinary shares.

Adjusted earnings per ordinary share amounts are presented before exceptional items and other adjustments and the net pensions finance charge in order to allow a better understanding of the underlying trading performance of the Group.

The restatement of the 2010 pension position did not impact the income statement result and therefore does not impact EPS.

	Profit/(loss) £m	Basic EPS pence per ordinary share	Diluted EPS pence per ordinary share
52 weeks ended 24 September 2011:			
Profit / EPS	125	30.7 p	30.5 p
Exceptional items and other adjustments, net of tax	(15)	(3.7)p	(3.7)p
Net pensions finance charge, net of tax	4	1.0 p	0.9 p
Adjusted profit / EPS	114	28.0 p	27.7 p
52 weeks ended 25 September 2010:			
Loss / EPS	(84)	(20.6)p	(20.6)p[a]
Exceptional items and other adjustments, net of tax	200	49.1 p	48.8 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 2010 diluted EPS has not been presented as it is unchanged from the basic EPS as the inclusion of the dilutive potential ordinary shares would reduce the loss per share and is therefore not dilutive in accordance with IAS 33 ‘Earnings per Share’.

7. CASH FLOW FROM OPERATIONS

	2011 52 weeks £m	2010 52 weeks £m
Operating profit	275	33
Add back: non-cash operating exceptional items	19	289
Operating profit before exceptional items	294	322
Add back:		
Depreciation of property, plant and equipment	108	124
Amortisation of intangibles (computer software)	2	2
Amortisation of lease premiums	-	1
Cost charged in respect of share-based payments	6	4
Defined benefit pension cost less regular cash contributions	(1)	(4)
Operating cash flow before exceptional items, movements in working capital and additional pension contributions	409	449
Movements in working capital and pension contributions:		
Decrease in inventories	-	9
Decrease/(increase) in trade and other receivables	3	(4)
(Decrease)/increase in trade and other payables	(36)	29
Increase in provisions	-	6
Additional pension contributions	(40)	(32)
Cash flow from operations	336	457

8. NET CASH FLOW

	2011 52 weeks £m	2010 52 weeks £m
Operating profit before exceptional items	294	322
Depreciation and amortisation	110	127
EBITDA before exceptional items[a]	404	449
Working capital movement	(33)	40
Other non-cash items	5	-
Additional pension contributions	(40)	(32)
Cash flow from operations	336	457
Net capital expenditure[b]	252	(8)
Cash flow from operations after net capital	588	449
Interest paid	(137)	(147)
Interest received	3	-
Tax paid	(20)	(8)
VAT refund received including interest	-	12
Issue of ordinary share capital	1	3
Purchase of own shares	-	(6)
Proceeds on release of own shares	1	-
Net cash flow (note 10)	436	303

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

9. **ANALYSIS OF NET DEBT**

	2011 £m	2010 £m	2009 £m
Cash and cash equivalents (see below)	306	228	105
Cash collateral deposits (see below)	-	-	2
Other cash deposits (see below)	50	-	-
Securitised debt (see below)	(2,246)	(2,289)	(2,331)
Other borrowings	-	(255)	(386)
Derivatives hedging balance sheet debt[a]	20	15	12
Finance leases	-	(1)	(2)
	(1,870)	(2,302)	(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.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, including overnight deposits, of £259m (2010 £226m), cash deposits with an original maturity of three months or less of £47m (2010 £1m) and cash transferred to assets held for sale of £nil (2010 £1m).

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 24 September 2011 comprise £50m (2010 nil, 2009 nil) of cash at bank with an original maturity of three months or more.

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 pub restaurants business owned by Mitchells & Butlers Retail Ltd. 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 in the form of the A4, AB, C2 and D1 loan notes as detailed below. 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 were repaid and reissued as A1N and A3N loan notes to take advantage of market rates.

10. MOVEMENT IN NET DEBT

	2011 52 weeks £m	2010 52 weeks £m
Net increase in cash and cash equivalents	78	123
Add back cash flows in respect of other components of net debt:		
Transfers to other cash deposits	50	-
Transfers from cash collateral deposits	-	(2)
Repayment of principal in respect of securitised debt	49	46
Repayment of principal in respect of other borrowings	259	136
Decrease in net debt arising from cash flows (Net cash flow per note 8)	436	303
Capitalised debt issue costs net of accrued interest	(4)	(5)
Decrease in net debt	432	298
Opening net debt	(2,302)	(2,600)
Closing net debt	(1,870)	(2,302)

11. **PENSIONS**

Restatement following change to IFRIC14

As part of the closure of the defined benefit scheme on 12 March, the Company 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. The tables below provide a summary of the amounts previously reported, the adjustments made and the restated amounts:

	As reported		Adjustment		Restated	
	2010 Long-term rates of return expected %	Value £m	2010 Long-term rates of return expected %	Value £m	2010 Long-term rates of return expected %	Value £m
Equities	7.4	464	-	-	7.4	464
Bonds	4.1	935	-	-	4.1	935
Property	7.4	6	-	-	7.4	6
Fair value of assets		1,405		-		1,405
Present value of scheme liabilities		(1,548)		-		(1,548)
Deficit in the schemes recognised as a liability in the balance sheet		(143)		-		(143)
Irrecoverable element of potential future pension surplus		(56)		56		-
Net liability		(199)		56		(143)
Associated deferred tax asset						
Deferred tax relating to IAS 19 valuation		39		-		39
Deferred tax on irrecoverable element of potential future pension surplus		43		(43)		-
		82		(43)		39

The restated combined assets of the MABPP and MABEPP, their expected rates of return and the value of the pension scheme assets and liabilities at 25 September 2010 are summarised as follows:

Group statement of comprehensive income	As reported 2010 £m	Adjusted 2010 £m	Restated 2010 £m
Actual return less expected return on pension scheme assets	65	-	65
Changes in assumptions underlying the present value of the scheme liabilities	(108)	-	(108)
Actuarial loss recognised	(43)	-	(43)
Movement in irrecoverable element of potential future pension surplus	(13)	13	-
Total loss	(56)	13	(43)

The following amounts relating to the Group's defined benefit and defined contribution arrangements have been recognised in the Group income statement and Group statement of comprehensive income:

	2011 £m	2010 restated £m	2009 £m
Operating profit:			
Current service cost (defined benefit plans)	(4)	(8)	(10)
Current service cost (defined contribution plans)	(4)	(3)	(2)
Total current service cost	(8)	(11)	(12)
Exceptional pension (charge)/credit	(13)	-	44
(Charge)/credit to operating profit	(21)	(11)	32
Finance income:			
Expected return on pension scheme assets	74	69	73
Interest on pension scheme liabilities	(79)	(76)	(79)
Net finance charge in respect of pensions	(5)	(7)	(6)
Total (charge)/credit	(26)	(18)	26

The deficit in the schemes recognised as a liability in the balance sheet is as follows:

	2011 £m	2010 restated £m
Equities	420	464
Bonds	1,046	935
Property	6	6
Fair value of assets	1,472	1,405
Present value of scheme liabilities	(1,509)	(1,548)
Net pension deficit	(37)	(143)
Associated deferred tax asset		
Deferred tax relating to IAS 19 valuation	9	39

The table below analyses the movement in schemes' net deficit in the period:

	Net deficit	
	2011	2010 restated
	£m	£m
At beginning of period	(143)	(130)
Current service cost	(4)	(8)
Exceptional charge	(13)	-
Interest cost on benefit obligations	(79)	(76)
Expected return on plan assets	74	69
Contributions	44	45
Actuarial (loss)/gain recognised	84	(43)
At end of period	(37)	(143)

12. **ACQUISITIONS**

The following purchases have been accounted for as acquisitions. None of the businesses acquired made a material contribution to consolidated revenue and profit in the period from their acquisition to 24 September 2011, nor would they have done in the period ended 24 September 2011 if they had been acquired on 26 September 2010:

Ha Ha Bar & Grill Limited (HHBG)

On 3 October 2010, the Group acquired all of the shares in HHBG, from Bay Restaurant Group Limited. Goodwill has arisen on the acquisition of HHBG primarily through the benefits gained from combining HHBG's sites with the Group's existing portfolio of brands and related sites.

This also supports the Group's strategy of expanding its food-led operations.

The amounts recognised in respect of identifiable assets and liabilities relating to the acquisition of HHBG were as follows:

	Recognised value £m
Property, plant and equipment	11
Deferred taxation	1
Net current assets	1
Net identifiable assets and liabilities	13
Goodwill on acquisition	7
	20
Cash consideration paid on completion	3
Repayment of debt on acquisition	17
	20

Intertain (Dining) Limited (IDL)

On 10 September 2011, the Group acquired all of the shares in IDL, from Intertain Limited.

At the period end none of the acquired sites had been converted into the Group's existing brand formats, however, a phased conversion programme will commence during the new financial period.

The amounts recognised in respect of identifiable assets and liabilities relating to the acquisition of IDL were as follows:

	Recognised value £m
Leasehold land and buildings	3
Fixtures, fittings and equipment, other assets and liabilities	1
Net identifiable assets and liabilities	4
Cash consideration paid on completion	4

13. FINANCIAL STATEMENTS

This preliminary statement of results was approved by the Board of Directors on 21 November 2011. It does not constitute the Group's statutory financial statements for the 52 weeks ended 24 September 2011 or for the 52 weeks ended 25 September 2010. The financial information is derived from the statutory financial statements of the Group for the 52 weeks ended 24 September 2011.

Statutory accounts for 2010 have been delivered to the Registrar of Companies and those for 2011 will be delivered following the Company's Annual General Meeting. The Company's auditor reported on those accounts, their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under S498(2) or (3) Companies Act 2006.

14. REVALUATION

The majority of the Group's freehold and long leasehold land and buildings were valued at market value, as at 24 September 2011 and 25 September 2010 by Colliers International, independent chartered surveyors and by Andrew Cox MRICS, Director of Property, Chartered Surveyor.

The valuation was carried out in accordance with the provisions of RICS Appraisal and Valuation Standards ('The Red Book') assuming each asset is sold as part of the continuing enterprise in occupation individually as a fully operational trading entity. The market value has been determined having regard to factors such as current and future projected income levels, taking account of the location, the quality of the pub or restaurant and recent market transactions in the sector.

The net book value increase included a revaluation increase of £71m (2010 £(210)m decrease) which comprised a loss in relation to revaluation and impairment of short leasehold and unlicensed properties £(2)m (2010 £(279)m), net of a revaluation reserve credit of £73m (2010 £69m) shown in the Group statement of comprehensive income.