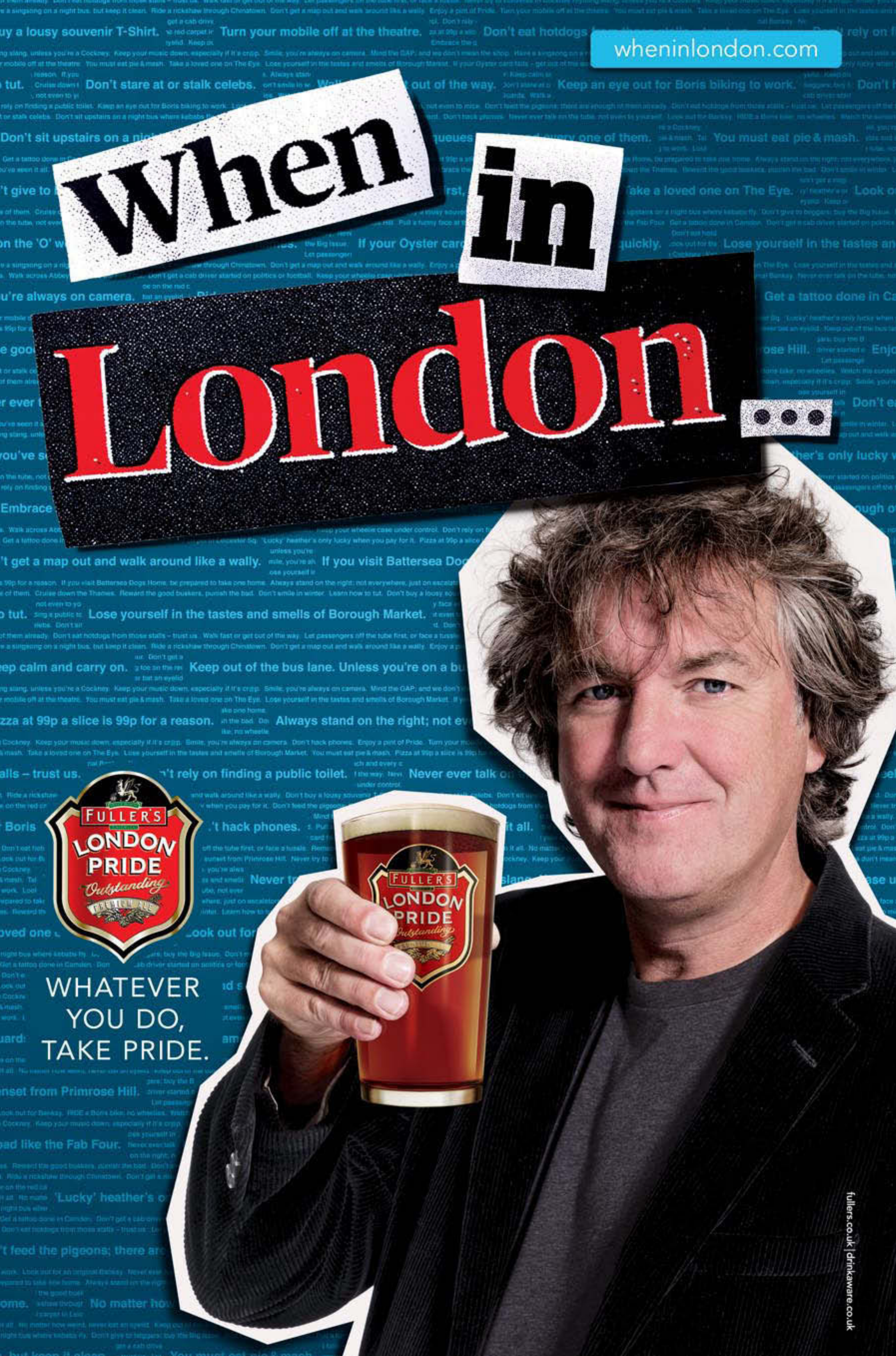


FULLER SMITH & TURNER P.L.C.

Half Year Report
for the 26 weeks ended
1 October 2011



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Corporate Progress

- 12 pubs acquired since last year end
- Managed Pubs and Hotels LFL sales up 3.9%
- Managed Pubs and Hotels profits[1] up 1%
- Tenanted Inns profits[1] up 2%
- Own Beer volumes up 2%
- Beer Company profits[1] up 12%
- Beer Company Managing Director recruited – starts 12 December

Financial Highlights

for the 26 weeks ended 1 October 2011

	Unaudited 26 weeks ended 1 October 2011 £m	Unaudited 26 weeks ended 25 September 2010 £m	Change 2011/2010	Audited 53 weeks ended 2 April 2011 £m
Revenue	128.2	121.5	+6%	241.9
Adjusted profit[2]	16.5	15.7	+5%	29.3
Adjusted earnings per share[3]	21.48p	19.96p	+8%	37.36p
EBITDA[4]	25.0	24.1	+4%	46.6
Dividend per share[5]	5.05p	4.75p	+6%	11.80p
Net debt[6]	92.5	93.6		88.5
Net debt/EBITDA[7]	1.9 times	2.1 times		1.9 times

[1] Operating profit before exceptional items.

[2] Adjusted profit is the profit before tax excluding exceptional items. Statutory profit before tax was £16.0 million (2010: £16.8 million).

[3] Calculated using adjusted profits after tax and the same weighted average number of shares as for the basic earnings per share and using a 40p ordinary share. Basic earnings per share were 23.07p (2010: 23.70p).

[4] Pre-exceptional earnings before interest, tax, depreciation, loss on disposal of plant and equipment and amortisation.

[5] Calculated on a 40p ordinary share.

[6] Net debt comprises cash and short term deposits, bank overdraft, bank loans, debenture stock and preference shares.

[7] Net debt/EBITDA is calculated using EBITDA for an annual period.

Chairman's Statement

Whatever You Do, Take Pride

HIGHLIGHTS

I am pleased to announce a good set of results for the first half of the financial year, driven by growth in all parts of the business.

Our revenues grew by 6% to £128.2 million (2010: £121.5 million) and adjusted profit before tax (excluding exceptional items) increased by 5% to £16.5 million (2010: £15.7 million). Our adjusted earnings per share rose by 8% to 21.48p (2010: 19.96p).

These results highlight the successful execution of our long term strategy, which has remained unchanged despite the economic pressures on the UK consumer. The largest part of our business, Managed Pubs and Hotels, has again traded well with like for like sales up 3.9%.

Our Tenanted Inns division has had its best ever first half, with another increase in like for like profits which are up 1% and operating profit 2% higher than last year.

The Fuller's Beer Company delivered an excellent performance in an extremely tough UK market, increasing operating profit by 12% with Own Beer volumes up 2%. Key to this was another period of very strong growth in export sales.

Chairman's Statement continued

Since our last year end we have added 12 pubs to our estate, each of which has been carefully selected to enhance the overall quality of our portfolio. Two of them are now closed for extensive redevelopment works and will reopen in Spring 2012. The other ten are established businesses with strong trading histories and we believe that they have the potential to further flourish under our ownership. Seven of these sites are freehold properties, nine are in London and all are in our core trading geography.

Three of the pubs join our Tenanted Inns business and the remainder are part of our Managed Pubs and Hotels division. The pubs we have acquired are:

Managed Pubs and Hotels

- The Lamb & Flag, Covent Garden
- The White Swan Hotel, Stratford-upon-Avon
- The Crown Inn, Bishop's Waltham
- The Cabbage Patch, Twickenham
- The Wellington, Waterloo
- Bluu, Moorgate
- The Pavilion End, Mansion House
- The Hand & Flower, Kensington Olympia
- The Red Lion Hotel, Wendover

Tenanted Inns

- The Coach & Horses, Soho
- The Plough, East Sheen
- The Seven Stars, Carey Street WC2

DIVIDEND

The Board has approved an increase of 6% in the interim dividend to 5.05p (2010: 4.75p) per 40p 'A' and 'C' ordinary share and 0.505p (2010: 0.475p) per 4p 'B' ordinary share. This will be paid on 3 January 2012 to shareholders on the share register as at 9 December 2011.

FINANCIAL PERFORMANCE

The Group's net debt has increased by £4.0 million in the first 26 weeks, after spending £19.3 million purchasing seven pubs and investing across the business. Following the agreement of an additional £30 million of bank facilities with Rabobank in August 2011, we had in excess of £50 million undrawn committed banking facilities at the end of the period. Our total bank facilities now stand at £120 million, split equally between four banks and run until May 2015.

EBITDA increased by 4% to £25.0 million (2010: £24.1 million) with the ratio of net debt to EBITDA remaining at the year end position of 1.9 times (2010: 2.1 times). This provides us with great flexibility to invest in future opportunities and since the period end we have purchased an additional five pubs for a further £16.0 million.

Net exceptional items before tax of £0.5 million comprised a profit on the disposal of non-core properties of £0.6 million, a £0.1 million reversal of impairment credit, offset by £1.0 million of acquisition costs and £0.2 million of non-cash losses in relation to financial instruments which are not effective for hedge accounting purposes. After exceptional items, profit before tax was £16.0 million (2010: £16.8 million). Tax on exceptional items was a credit of £1.4 million, including an exceptional non-cash deferred tax credit of £1.3 million relating to the further reduction in the UK corporation tax rate from

26% to 25% which will come into effect from 1 April 2012.

Adjusted earnings per ordinary 'A' and 'C' share were 21.48p (2010: 19.96p), an increase of 8%. Due to the benefit of exceptional items, basic earnings per ordinary 'A' and 'C' share at 23.07p (2010: 23.70p) were greater than the adjusted figure, but 3% lower than the comparative period.

Net finance costs before exceptional items decreased by 8% to £2.2 million (2010: £2.4 million), due to a £0.2 million decrease in net pension finance costs. Net debt has increased slightly from £88.5 million on 2 April 2011 to £92.5 million on 1 October 2011 and interest expense on borrowings has remained level with the same period last year. We expect the blended cost of finance on our debt to be 4.5% for the full year.

The deficit on the defined benefit pension scheme rose from £6.4 million at the last balance sheet date to £15.1 million. Asset values at 1 October 2011 were lower as the Eurozone crisis drove equities sharply down, whilst liabilities rose as corporate bond rates fell.

Tax has been provided for at an effective rate of 26.7% (2010: 28.7%) on adjusted profits. The overall effective tax rate for the period is 18.8% (2010: 20.8%) and benefits from an exceptional deferred tax credit of £1.3 million, relating to the next stage in the stepped reduction in the UK corporation tax rate which will be 25% from 1 April 2012.

During the period, 80,000 'A' ordinary shares were purchased by the Company for treasury at a total cost of £0.6 million. In addition, 86,000 'A' ordinary shares and 162,000 'B' ordinary shares were purchased for £0.7 million by the Trustees of the Company's Share Incentive Plan and Long Term Incentive Plan to cover future issuance. From the period end to 23 November 2011 we have purchased a further 231,000 'A' ordinary shares for treasury for £1.6 million and 151,000 'B' ordinary shares were purchased for £0.1 million by the LTIP Trustees.

The current financial year will revert to a 52 week period, ending on 31 March 2012.

PEOPLE

Since the Annual General Meeting, Alastair Kerr has been appointed to the Board as a Non-Executive Director and he brings very valuable retail experience from outside our sector. I also look forward to welcoming Ian Bray to the Company when he joins the Board as Managing Director of the Fuller's Beer Company on 12 December 2011.

Our persistently strong financial performance is the result of the continuing enthusiasm and commitment of all our staff and I would like to take this opportunity to thank them for their hard work and dedication.

UK BEER DUTY

In addition to the increase in VAT to 20%, Beer duty has risen a staggering 35% since March 2008. This has heavily impacted UK beer volumes, which have fallen 13% over the same period, and has driven more and more trade out of pubs and into supermarkets. The UK consumer now pays eight times the duty French consumers pay and more than 11 times the German and Spanish rates. From a UK fiscal perspective, volumes are down and VAT receipts are further reduced by driving trade out of pubs and into supermarkets. As pubs suffer employment is affected, and income and corporation tax receipts are reduced.

This simply doesn't make sense and I would greatly appreciate every support from you, our shareholders, in lobbying the Chancellor to cease adding to the penal rates of duty which exist already and to which a further inflationary and damaging 7% increase in duty is threatened in March. Our customers are already struggling to cope with inflationary rises in household bills and the uncertain economic situation.

Our industry adds over £21 billion to the UK economy and supports almost one million much-needed jobs. It is a large employer of young people, giving many their first exposure to the workplace. It is not a sector the Government can afford to neglect, particularly as their own figures show youth unemployment has now exceeded one million. If we want to encourage economic growth, our sector can be a key driver but this crippling increase in duty must be reversed. Anything else will be against the interests of consumers, employment, recovery in the wider economy, and a return to the proper generation of growth.

CURRENT TRADING AND PROSPECTS

We continue to make good progress and in the 33 weeks to 19 November 2011 like for like sales in our Managed Pubs and Hotels grew by 3.8% and our Own Beer volumes increased by 1%.

Our 12 completed pub acquisitions form the basis for the highest level of investment in our business since the Gales acquisition in 2005. We are also nearing completion of the £4.5 million investment in the Chiswick brewery site to increase capacity for the production of bottled beer for the Off Trade and Export markets. In aggregate we expect to spend in excess of £51 million on capital projects in this financial year.

Our balance sheet remains very strong and having increased our bank facilities to £120 million during the period have additional funds available to invest in new opportunities as they arise. Our strategy is to be highly selective and we have the patience to wait for the right assets to become available at the right price.

The next Interim Management Statement will be issued on 27 January 2012.

Michael Turner

Michael Turner
Chairman
25 November 2011

Group Managing Director's Review

FULLER'S INNS

We operate Managed Pubs and Hotels, where we control all aspects of the business, and Tenanted Inns, where we own the pub but it is typically run by a self-employed entrepreneur who sells our beers and operates under our brand. At the period end we had 166 Managed Pubs and 195 Tenanted Inns in the portfolio, having purchased seven new sites and disposed of four properties which no longer met our criteria. Since the period end we have acquired a further five properties for the Managed Pubs and Hotels division.

Acquisitions

The seven pub purchases during the period can be categorised into three groups: development opportunities, London gems, and individual Tenanted Inns.

The White Swan Hotel, Stratford-upon-Avon and The Crown Inn, Bishop's Waltham are freehold development opportunities. We have traded at The White Swan through the Summer whilst we applied for planning consent. This has now been received, and the refurbishment works are underway. The hotel is now closed and will reopen in Spring 2012 with the 41 bedrooms transformed to our stylish boutique standard. On acquisition The Crown Inn, a 16th Century listed building was closed and in a very poor state. We have recently received planning approval to substantially redevelop this property and it will also reopen next Spring with eight new bedrooms. We will invest £4.4 million in developing these two properties compared to an initial acquisition cost of less than £3.0 million. These are exciting opportunities for Fuller's and we are actively seeking other sites where we can create value through major investment.

The Lamb & Flag and The Cabbage Patch are London gems. Both have previously been operated by pub entrepreneurs. The Lamb & Flag is located in Covent Garden, an area where we have been building our presence in recent years, having previously been under represented. The Cabbage Patch is the world renowned rugby pub in Twickenham. We are delighted to add this site to our portfolio ahead of the Rugby World Cup coming to England in 2015. We believe that both of these sites will respond very well to Fuller's branding. We have acquired the leasehold interest in both of these properties and have also negotiated the option to purchase the freehold of The Lamb & Flag for an agreed price in 2013.

MANAGED PUBS AND HOTELS

We focus on high quality pubs which serve outstanding cask ale, fine wines, and delicious food with exemplary service.

This is the largest part of our business, and it achieved a 3.9% increase in like for like sales.

We have acquired three freehold pubs for the Tenanted Inns division for £6.0 million. They are all established, high quality London sites and trade very well. With our strong balance sheet and low cost of funding we are able to take a long term view when making these acquisitions.

After the end of the period, on 1 November, we acquired five pubs, of which two are freehold, from Marston's for £16.0 million. These are high turnover Managed businesses with 58 bedrooms between them. Four of the pubs are in Central London and the fifth is in Wendover, Buckinghamshire. We believe that Fuller's can add significant value to these pubs through selling our beers, applying our operational model and standards and through running them under the Fuller's name. We have already integrated the back office operations of these pubs into our estate and our focus will now turn to front of house where we will apply our *Four Pillars* philosophy.

Managed Pubs and Hotels

Like for like sales in our Managed Pubs and Hotels grew by 3.9%, with first-time contributions from acquired pubs increasing total revenues by 5% from £74.8 million to £78.6 million. Operating profits before exceptional items grew by 1% to £10.4 million (2010: £10.3 million). EBITDA grew by 2% to £14.7 million (2010: £14.4 million).

Operating margins declined from 13.8% to 13.2% with three key factors responsible. We have made lower margins on drinks sales as we have not been able to pass on the full 7% excise duty increase to our customers by raising drinks prices. Unless the duty escalator is abolished, we expect this margin dilution to continue. As we embark on a period of investment and expansion in our business we have increased our head office resource to support this growth, with a particular focus on staff scheduling systems, food, digital marketing and IT. Finally, as expected the development sites acquired during the period have reported lower margins than the residual business. Once development is complete these sites will help improve our overall margin.

Refurbishments

During the period we undertook 11 refurbishments across the estate, investing over £3 million. The redevelopment of The Drayton Court Hotel, Ealing was completed with 27 boutique rooms and suites created within the existing building. The Thomas a Becket, Worthing, The King's Head, Guildford and The Iron Duke, Mayfair all had full internal and external refurbishments, designed to allow them to capitalise on their premium local markets. We have paid particular attention to our pub's outside spaces and with two other refurbishments carried out in the period at The Pilot, Chiswick and The Six Bells, Thame, we have been able to transform their gardens.

Four Pillars

Outstanding cask conditioned ales, delicious food, great wines, and engaging service remain the foundation of our business. Accommodation, food and drinks all showed good like for like sales growth, up 10.8%, 4.4% and 3.1% respectively.

Our own cask ales continue to grow in our Managed Pub estate, with like for like sales up an impressive 8%. We launched new beers such as Ascot Ale and Spring Sprinter, and successful returning seasonal ales such as Summer Ale and Red Fox added further variety to our offer and gave our customers another good reason to visit our pubs. Extensive wine training from the Wine and Spirit Education Trust across the estate has contributed to a 3.4% increase in like for like wine sales.

Trained and motivated pub staff are key to ensuring that we deliver engaging service, and following the success of our graduate development scheme launched last year we have introduced a further programme aimed specifically at hospitality graduates. The new programme is a two year course and candidates are expected to be ready for a general manager appointment at its conclusion. We seek both internal and external applications but recognise the paramount importance of developing our own employees. Already 47% of our general managers have been promoted internally and we hope to provide opportunities for many more.

Accommodation

Room sales in our Managed Pubs and Hotels performed well, rising 10.8% on a like for like basis. Occupancy and average room rate both increased 4% each, with the remaining increase arising from investment in rooms in existing sites, principally the 27 new bedrooms at The Drayton Court Hotel which opened in June. Accommodation has become an increasingly important part of our offer. Three years ago we had 475 rooms; by the end of the current financial year we will have 612. We continue to improve the quality of our existing bedrooms with 27 bedrooms completely refurbished at The Fox and Goose, Ealing during the period.

Food

We continue to focus on further developing our food offer, delivering both freshly prepared menu items and blackboard specials to entice our customers. We now cook more than four million meals a year. Like for like food sales increased 4.4%, with a 3% rise in the number of main meals sold. Fuller's premium twist to pub classics such as homemade pies, fish and chips, and sausage and mash continue to prove popular with our customers, accounting for 34% of main meals sold as customers turn to traditional, comforting, but quality, dishes in these difficult economic times.

Tenanted Inns

Revenue in the Tenanted Inns business increased by 1% to £13.7 million (2010: £13.5 million) and like for like profits grew 1%. With the first time contribution from acquisitions, operating profit before exceptional items increased by 2% to £5.2 million and the average EBITDA per pub grew by 5.5%.

Once again we capped RPI-linked rent increases to 3% to support our tenants in what has been a tough trading environment for any small business, particularly within our sector. Our partnership approach with Tenants in these times is particularly valued, with vacancies at their lowest level in four years. The average tenure of our Tenants is six and a half years, an impressive statistic for the industry.

We have continued to invest in improving retail standards across the Tenanted estate through small front of house projects, implementing mystery shopper visits and increased training for our Tenants. We provide training programmes with a particular focus on cask ale and wine knowledge. We are proud that, at our expense, all of our Tenants are members of the British Institute of Innkeeping, the leading industry body.

TENANTED INNS

Profits in the Tenanted Inns business increased 2%.

We have continued to invest in improving retail standards across the Tenanted estate, including small front of house projects.

Since March 2010 we have sold eleven tenanted pubs raising £4.3 million, overall realising a small profit against book value, which has been reinvested in new acquisitions for the division.

FULLER'S BEER COMPANY

The Fuller's Beer Company operates a single brewery in Chiswick, London, where we brew all of our Own Beers. In addition to our own range, we also distribute beer, cider, wine, spirits and soft drinks manufactured by other producers. We operate in four main markets. We sell the full portfolio of products to both Fuller's Inns and the Free Trade, whilst we sell our Own Beers to Export destinations and to the Off Trade which comprises UK supermarkets, convenience stores and off licences.

The Fuller's Beer Company put in a strong performance over the period with Own Beer volumes increasing 2% and a strong performance from wine sales, together generating an increase in revenue of 7% to

Group Managing Director's Review continued

£54.9 million (2010: £51.3 million). Total beer volumes grew by 1% as foreign beer volumes were level with last year. Operating profit was 12% higher at £4.6 million (2010: £4.1 million). Operating costs rose 7% due to increases in UK excise duty, raw materials and packaging costs.

Export volumes, unaffected by the stifling levels of UK excise duty, grew 21%. One in six barrels of Fuller's beer is now shipped abroad and we expect this channel to overtake sales volumes to our own pubs by the end of the year as we focus on expanding our reach further into Russia, the Baltic states, and the Far East. The broad range of our portfolio – particularly with the addition of Fuller's Black Cab stout after the end of the period – makes our beer a very attractive proposition for import partners. London Pride, ESB and London Porter are our best-selling ales abroad, while 75% of Vintage Ale, which is brewed annually from the best hops and malts of each year, is exported.

THE FULLER'S BEER COMPANY

Our growth in the period has been driven by our Export business which is not impacted by UK duty. We export one in six barrels we brew in Chisiwck.

The cumulative growth in Export and Off Trade volumes in the last three years is 31% and in order to meet future demand we are investing £4.5 million in building further tank capacity for the conditioning of bottled and keg beer. The project has added 30,000 barrels of capacity, equivalent to around 40% of current annual sales to these markets. The infrastructure has been built to allow us to almost double its size at a much lower incremental cost at a future date.

The construction has been very disruptive to our small site in Chiswick and our team have worked exceptionally hard to eliminate the effect on our customers. Faced with capacity constraints while the tanks were being built, we chose not to promote as aggressively in the Off Trade as we did last year and experienced a small volume decline of 3% in the period. However, our long term strategy remains to grow volumes in the Off Trade and following our expanded production capacity, we will increase our promotional activity during the second half of the year to help achieve this.

Whilst export volumes grew by 21%, our total UK Own Beer volumes declined by 1%, despite volumes sold to our own pubs increasing by 3%. The UK is our largest market and is being harmed by the compound effect of excessive excise duty increases: the UK On Trade ale market declined by 6% during the period (Source: British Beer and Pub Association). Nevertheless we increased our market share as our sales to the Free On Trade only reduced by 2%. Within the Free On Trade, total volumes sold to customers to whom we deliver direct from either Chiswick or Horndean grew, reflecting the value placed on our full service offering.

Group Managing Director's Review continued

London Pride remains the UK's leading Premium Ale and has increased its share of the Premium Cask Ale market over the period. We have continued with our marketing activity to recruit new drinkers to the brand led by our ambassador James May. In early Summer we ran a poster campaign with James depicting the slogans "Top Beer" and "Because I'm Worth It" which attracted good exposure. The new "When in London" campaign, created to further enhance London Pride's position as London's favourite cask ale ahead of 2012, was launched in October across various media including high profile poster sites across the South East, London black cabs, buses on key London routes and our first smartphone website.

Fuller's seasonal ales continue to prove popular, with Spring Sprinter and Red Fox complementing our core range of ales perfectly. We have also developed two new beers during the period which have been trialled this Autumn. Mighty Atom is a 2.8% beer which qualifies for the government's new duty threshold for low strength beer and has received critical acclaim in this category. Black Cab is a delicious cask conditioned stout for the UK market and should provide an interesting export opportunity, as well as being an exciting proposition in this country.

Simon Emeny

Simon Emeny
Group Managing Director
25 November 2011

Condensed Group Income Statement

for the 26 weeks ended 1 October 2011

	Note	Unaudited – 26 weeks ended 1 October 2011 Before exceptional items £m	Exceptional items £m	Total £m
Revenue	2	128.2	–	128.2
Operating costs		(109.5)	(0.9)	(110.4)
Operating profit		18.7	(0.9)	17.8
Profit on disposal of properties	3	–	0.6	0.6
Finance revenue	4	0.1	–	0.1
Finance costs	4	(2.3)	(0.2)	(2.5)
Profit before tax		16.5	(0.5)	16.0
Taxation	3, 5	(4.4)	1.4	(3.0)
Profit for the period attributable to equity shareholders of the Parent Company		12.1	0.9	13.0

Earnings per share per 40p 'A' and 'C' ordinary share		Pence
Basic	6	23.07
Diluted	6	22.76
Adjusted	6	21.48
Diluted adjusted	6	21.19

Earnings per share per 4p 'B' ordinary share		
Basic	6	2.31
Diluted	6	2.28
Adjusted	6	2.15
Diluted adjusted	6	2.12

The results and earnings per share measures above are all in respect of continuing operations of the Group.

Condensed Group Statement of Comprehensive Income

for the 26 weeks ended 1 October 2011

	Note	£m
Profit for the period		13.0
Net (losses)/gains on valuation of financial assets and liabilities		(2.4)
Net actuarial (losses)/gains on pension scheme	10	(9.3)
Tax on components of other comprehensive income	5	2.9
Other comprehensive (loss)/income for the period, net of tax		(8.8)
Total comprehensive income for the period, net of tax, attributable to equity shareholders of the Parent Company		4.2

Unaudited – 26 weeks ended 25 September 2010			Audited 53 weeks ended 2 April 2011		
Before exceptional items £m	Exceptional items £m	Total £m	Before exceptional items £m	Exceptional items £m	Total £m
121.5	–	121.5	241.9	–	241.9
(103.4)	(0.5)	(103.9)	(207.8)	(1.0)	(208.8)
18.1	(0.5)	17.6	34.1	(1.0)	33.1
–	1.6	1.6	–	2.7	2.7
–	–	–	0.1	–	0.1
(2.4)	–	(2.4)	(4.9)	–	(4.9)
15.7	1.1	16.8	29.3	1.7	31.0
(4.5)	1.0	(3.5)	(8.3)	2.1	(6.2)
11.2	2.1	13.3	21.0	3.8	24.8

Pence	Pence
23.70	44.12
23.38	43.30
19.96	37.36
19.69	36.67

2.37	4.41
2.34	4.33
2.00	3.74
1.97	3.67

£m	£m
13.3	24.8
0.3	1.8
(3.8)	6.0
0.7	(2.4)
(2.8)	5.4
10.5	30.2

Condensed Group Balance Sheet

1 October 2011

	Note	Unaudited At 1 October 2011 £m	Unaudited At 25 September 2010 £m	Audited At 2 April 2011 £m
Non-current assets				
Goodwill		**23.9**	23.9	23.9
Property, plant and equipment	8	**354.4**	345.6	342.8
Investment properties		**9.9**	9.2	10.0
Derivative financial assets		**0.1**	0.6	1.5
Other non-current assets		**1.1**	0.4	0.4
Deferred tax assets		**6.6**	7.0	4.1
Total non-current assets		**396.0**	386.7	382.7
Current assets				
Inventories		**7.1**	6.6	8.8
Trade and other receivables		**17.6**	17.0	18.8
Cash and short term deposits	9	**3.7**	0.8	3.7
Total current assets		**28.4**	24.4	31.3
Assets classified as held for sale		**0.3**	0.5	0.2
Current liabilities				
Borrowings	9	**–**	67.0	–
Derivative financial liabilities		**–**	0.2	–
Trade and other payables		**36.4**	39.0	38.8
Current tax payable		**4.8**	5.6	4.5
Provisions		**0.3**	0.4	0.3
Total current liabilities		**41.5**	112.2	43.6
Non-current liabilities				
Borrowings	9	**96.2**	27.4	92.2
Derivative financial liabilities		**1.4**	0.3	–
Retirement benefit obligations	10	**15.1**	16.4	6.4
Deferred tax liabilities		**31.2**	35.4	33.7
Provisions		**2.0**	2.1	2.1
Total non-current liabilities		**145.9**	81.6	134.4
Net assets		**237.3**	217.8	236.2
Capital and reserves				
Share capital		**22.8**	22.8	22.8
Share premium account		**4.8**	4.8	4.8
Capital redemption reserve		**3.1**	3.1	3.1
Own shares		**(2.1)**	(3.7)	(3.1)
Hedging reserve		**(0.9)**	(0.2)	0.9
Retained earnings		**209.6**	191.0	207.7
Total shareholders' equity		**237.3**	217.8	236.2

Condensed Group Statement of Changes in Equity

for the 26 weeks ended 1 October 2011

Unaudited – 26 weeks ended 1 October 2011	Share capital £m	Share premium account £m	Capital redemption reserve £m	Own shares £m	Hedging reserve £m	Retained earnings £m	Total equity £m
At 2 April 2011	**22.8**	**4.8**	**3.1**	**(3.1)**	**0.9**	**207.7**	**236.2**
Profit for the period	–	–	–	–	–	**13.0**	**13.0**
Other comprehensive loss for the period	–	–	–	–	**(1.8)**	**(7.0)**	**(8.8)**
Total comprehensive income for the period	–	–	–	–	**(1.8)**	**6.0**	**4.2**
Shares purchased to be held in ESOT or as treasury	–	–	–	**(1.3)**	–	–	**(1.3)**
Shares released from ESOT and treasury	–	–	–	**2.3**	–	**(1.5)**	**0.8**
Dividends (note 7)	–	–	–	–	–	**(4.0)**	**(4.0)**
Share-based payment charges	–	–	–	–	–	**1.0**	**1.0**
Tax credited directly to equity (note 5)	–	–	–	–	–	**0.4**	**0.4**
At 1 October 2011	**22.8**	**4.8**	**3.1**	**(2.1)**	**(0.9)**	**209.6**	**237.3**

Unaudited – 26 weeks ended 25 September 2010	£m	£m	£m	£m	£m	£m	£m
At 27 March 2010	22.8	4.8	3.1	(4.0)	(0.4)	180.9	207.2
Profit for the period	–	–	–	–	–	13.3	13.3
Other comprehensive loss for the period	–	–	–	–	0.2	(3.0)	(2.8)
Total comprehensive income for the period	–	–	–	–	0.2	10.3	10.5
Shares purchased to be held in ESOT or as treasury	–	–	–	(1.1)	–	–	(1.1)
Shares released from ESOT and treasury	–	–	–	1.4	–	(1.1)	0.3
Dividends (note 7)	–	–	–	–	–	(0.6)	(0.6)
Share-based payment charges	–	–	–	–	–	1.1	1.1
Tax credited directly to equity (note 5)	–	–	–	–	–	0.4	0.4
At 25 September 2010	22.8	4.8	3.1	(3.7)	(0.2)	191.0	217.8

Audited – 53 weeks ended 2 April 2011	£m	£m	£m	£m	£m	£m	£m
At 27 March 2010	22.8	4.8	3.1	(4.0)	(0.4)	180.9	207.2
Profit for the period	–	–	–	–	–	24.8	24.8
Other comprehensive income for the period	–	–	–	–	1.3	4.1	5.4
Total comprehensive income for the period	–	–	–	–	1.3	28.9	30.2
Shares purchased to be held in ESOT or as treasury	–	–	–	(1.3)	–	–	(1.3)
Shares released from ESOT and treasury	–	–	–	2.2	–	(1.7)	0.5
Dividends (note 7)	–	–	–	–	–	(3.3)	(3.3)
Share-based payment charges	–	–	–	–	–	1.8	1.8
Tax credited directly to equity (note 5)	–	–	–	–	–	1.1	1.1
At 2 April 2011	22.8	4.8	3.1	(3.1)	0.9	207.7	236.2

Condensed Group Cash Flow Statement

for the 26 weeks ended 1 October 2011

	Note	**Unaudited 26 weeks ended 1 October 2011 £m**	Unaudited 26 weeks ended 25 September 2010 £m	Audited 53 weeks ended 2 April 2011 £m
Group profit before tax		**16.0**	16.8	31.0
Net finance costs before exceptional items	4	**2.2**	2.4	4.8
Exceptional items	3	**0.5**	(1.1)	(1.7)
Depreciation		**6.3**	6.0	12.4
Loss on disposal of property, plant and equipment		**–**	–	0.1
		25.0	24.1	46.6
Difference between pension charge and cash paid		**(0.5)**	(0.2)	(0.4)
Share-based payment charges		**1.0**	1.1	1.8
Change in trade and other receivables		**1.3**	(1.4)	(2.5)
Change in inventories		**1.7**	1.0	(1.2)
Change in trade and other payables		**(3.2)**	0.1	(0.1)
Cash impact of operating exceptional items	3	**(1.0)**	0.4	0.4
Cash generated from operations		**24.3**	25.1	44.6
Tax paid		**(4.4)**	(3.6)	(8.6)
Cash generated from operating activities		**19.9**	21.5	36.0
Cash flow from investing activities				
Purchase of property, plant and equipment		**(8.7)**	(6.1)	(12.0)
Business combinations		**(10.0)**	–	–
Sale of property, plant and equipment		**1.6**	2.6	4.0
Net cash outflow from investing activities		**(17.1)**	(3.5)	(8.0)
Cash flow from financing activities				
Purchase of own shares		**(1.3)**	(1.1)	(1.3)
Receipts on release of own shares to option schemes		**0.8**	0.3	0.5
Interest paid		**(2.0)**	(1.9)	(4.1)
Preference dividends paid	7	**(0.1)**	(0.1)	(0.1)
Equity dividends paid	7	**(4.0)**	(0.6)	(3.3)
Drawdown of bank loans		**4.0**	–	65.5
Repayment of bank loans		**–**	(13.7)	(80.2)
Repayment of debenture stock		**–**	–	(1.2)
Cost of refinancing and associated hedging		**(0.2)**	(1.2)	(1.2)
Net cash outflow from financing activities		**(2.8)**	(18.3)	(25.4)
Net movement in cash and cash equivalents	9	**–**	(0.3)	2.6
Cash and cash equivalents at the start of the period		**3.7**	1.1	1.1
Cash and cash equivalents at the end of the period	9	**3.7**	0.8	3.7

Cash and cash equivalents comprise cash and other short term highly liquid investments with a maturity of three months or less.
There were no significant non-cash transactions during any period.

Notes to the Financial Statements

1. Half Year Report

Basis of preparation

These half year financial statements for the 26 weeks ended 1 October 2011, which are abridged and unaudited and have not been reviewed by the auditors, have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and International Accounting Standard (IAS) 34, Interim Financial Reporting.

The half year financial statements were approved by the Directors on 25 November 2011.

This half year statement does not constitute full accounts as defined by Section 435 of the Companies Act 2006. The figures for the 53 weeks ended 2 April 2011 are derived from the published statutory accounts. Full accounts for the 53 weeks ended 2 April 2011, including an unqualified auditors' report which did not make any statement under Section 498 of the Companies Act 2006, have been delivered to the Registrar of Companies.

On the basis of the strong cash flows generated by the business and the significant headroom available on the new bank facilities the Directors are confident that the Group has adequate resources to continue in operational existence for the foreseeable future and, accordingly, consider that it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

Significant accounting policies

The accounting policies adopted are consistent with those applied in the 53 weeks ended 2 April 2011, which are published as part of the accounts for that year and which are available from the Group's website, www.fullers.co.uk.

Notably, during the period the Company has expensed transaction costs on pub acquisitions which qualify as business combinations, in accordance with IFRS 3 Business Combinations (revised). These have been recorded as exceptional items. There were no business combinations in the two comparative periods presented.

2. Segmental Analysis

Unaudited – 26 weeks ended 1 October 2011	Managed Pubs and Hotels £m	Tenanted Inns £m	Fuller's Beer Company £m	Unallocated[1] £m	Total £m
Revenue					
Segment revenue	**78.6**	**13.7**	**54.9**	–	**147.2**
Inter-segment sales	–	–	**(19.0)**	–	**(19.0)**
Revenue from third parties	**78.6**	**13.7**	**35.9**	–	**128.2**
Segment result	**10.4**	**5.2**	**4.6**	**(1.5)**	**18.7**
Operating exceptional items					**(0.9)**
Operating profit					**17.8**
Profit on disposal of properties					**0.6**
Net finance costs					**(2.4)**
Profit before tax					**16.0**
Other segment information					
Capital expenditure on property plant and equipment	**8.2**	**6.6**	**3.1**	–	**17.9**
Capital expenditure on lease premiums	**0.8**	–	–	–	**0.8**
Depreciation	**4.3**	**0.8**	**1.2**	–	**6.3**
Reversal of impairment losses on property	**(0.1)**	–	–	–	**(0.1)**

[1] *Unallocated expenses represent primarily the salary and costs of central management.*

Notes to the Financial Statements continued

2. Segmental Analysis continued

Unaudited – 26 weeks ended 25 September 2010	Managed Pubs and Hotels £m	Tenanted Inns £m	Fuller's Beer Company £m	Unallocated[1] £m	Total £m
Revenue					
Segment revenue	74.8	13.5	51.3	–	139.6
Inter-segment sales	–	–	(18.1)	–	(18.1)
Revenue from third parties	74.8	13.5	33.2	–	121.5
Segment result	10.3	5.1	4.1	(1.4)	18.1
Operating exceptional items					(0.5)
Operating profit					17.6
Profit on disposal of properties					1.6
Net finance costs					(2.4)
Profit before tax					16.8
Other segment information					
Capital expenditure on property plant and equipment	3.5	0.6	2.0	–	6.1
Depreciation	4.1	0.8	1.1	–	6.0
Impairment losses on property	0.4	0.5	–	–	0.9

Audited – 53 weeks ended 2 April 2011	Managed Pubs and Hotels £m	Tenanted Inns £m	Fuller's Beer Company £m	Unallocated[1] £m	Total £m
Revenue					
Segment revenue	147.2	26.9	104.1	–	278.2
Inter-segment sales	–	–	(36.3)	–	(36.3)
Revenue from third parties	147.2	26.9	67.8	–	241.9
Segment result	18.1	9.9	8.8	(2.7)	34.1
Operating exceptional items					(1.0)
Operating profit					33.1
Profit on disposal of properties					2.7
Net finance costs					(4.8)
Profit before tax					31.0
Other segment information					
Capital expenditure on property plant and equipment	7.6	1.4	3.0	–	12.0
Depreciation	8.4	1.6	2.4	–	12.4
Impairment losses on property	0.9	0.5	–	–	1.4

[1] *Unallocated expenses represent primarily the salary and costs of central management.*

Notes to the Financial Statements continued

3. Exceptional Items

	Unaudited 26 weeks ended 1 October 2011 £m	Unaudited 26 weeks ended 25 September 2010 £m	Audited 53 weeks ended 2 April 2011 £m
Amounts included in operating profit:			
Reversal of impairment	**0.1**	–	–
Impairment of properties	**–**	(0.9)	(1.4)
Acquisition costs	**(1.0)**	–	–
Insurance claim	**–**	0.4	0.4
Total exceptional items included in operating profit	**(0.9)**	(0.5)	(1.0)
Profit on disposal of properties	**0.6**	1.6	2.7
Exceptional finance costs:			
Movement in fair value of financial instruments	**(0.2)**	–	–
Total exceptional finance costs	**(0.2)**	–	–
Total exceptional items before tax	**(0.5)**	1.1	1.7
Exceptional tax:			
Change in corporation tax rate (note 5)	**1.3**	1.3	2.6
Profit on disposal of properties	**(0.2)**	(0.4)	(0.8)
Other items	**0.3**	0.1	0.3
Total exceptional tax	**1.4**	1.0	2.1
Total exceptional items	**0.9**	2.1	3.8

The property impairment charge of £1.4 million during the 53 weeks ended 2 April 2011 represents a £1.3 million write down of licensed properties and a £0.1 million write down of investment properties to their recoverable value. The reversal of impairment credit of £0.1 million during the 26 weeks ended 1 October 2011 relates to the write back of previously impaired licensed properties to their recoverable value.

Acquisition costs of £1.0 million during the 26 weeks ended 1 October 2011 comprise £0.6 million of transaction costs on pub acquisitions which qualify as business combinations and £0.4 million of abortive acquisition costs incurred during a proposed acquisition bid.

In addition to property impairment charges of £1.4 million, during the 53 weeks ended 2 April 2011, insurance claim income of £0.4 million was recognised in relation to the gain made on the disposal of a property destroyed by fire.

The profit on disposal of properties of £0.6 million during the 26 weeks ended 1 October 2011 (26 weeks ended 25 September 2010: £1.6 million, 53 weeks ended 2 April 2011: £2.7 million) relates to the disposal of five licensed and unlicensed properties (25 September 2010: four, 2 April 2011: ten).

The movement in fair value of financial instruments of £0.2 million for the 26 weeks ended 1 October 2011 relates to interest rate swaps and caps which, although considered effective in managing the interest rate risk of the Group's borrowings, do not meet the definition of an effective hedge for hedge accounting purposes.

The cash impact of operating exceptional items before tax for the 26 weeks ended 1 October 2011 was £1.0 million cash outflow (26 weeks ended 25 September 2010: £0.4 cash inflow, 53 weeks ended 2 April 2011: £0.4 million cash inflow).

Notes to the Financial Statements continued

4. Finance Revenue and Costs

	Unaudited 26 weeks ended 1 October 2011 £m	Unaudited 26 weeks ended 25 September 2010 £m	Audited 53 weeks ended 2 April 2011 £m
Interest receivable from:			
Cash and cash equivalents	**–**	–	0.1
Finance income on net pension liabilities	**0.1**	–	–
Finance revenue	**0.1**	–	0.1
Interest expense arising on:			
Financial liabilities at amortised cost – loans and debentures	**2.1**	2.1	4.4
Financial liabilities at amortised cost – preference shares	**0.1**	0.1	0.1
Total interest expense for financial liabilities	**2.2**	2.2	4.5
Finance charge on net pension liabilities	**–**	0.1	0.1
Unwinding of discounts on provisions	**0.1**	0.1	0.3
Finance costs before exceptional items	**2.3**	2.4	4.9
Movement in fair value of financial instruments (note 3)	**0.2**	–	–
Finance costs	**2.5**	2.4	4.9

5. Taxation

	Unaudited 26 weeks ended 1 October 2011 £m	Unaudited 26 weeks ended 25 September 2010 £m	Audited 53 weeks ended 2 April 2011 £m
Tax on profit on ordinary activities			
Current income tax:			
Corporation tax	**4.8**	5.4	9.5
Amounts overprovided in previous periods	**–**	–	(0.1)
Total current income tax	**4.8**	5.4	9.4
Deferred tax:			
Origination and reversal of temporary differences	**(0.5)**	(0.6)	(0.6)
Change in corporation tax rate	**(1.3)**	(1.3)	(2.6)
Total deferred tax	**(1.8)**	(1.9)	(3.2)
Total tax charged in the Income Statement	**3.0**	3.5	6.2

Notes to the Financial Statements continued

5. Taxation continued

	Unaudited 26 weeks ended 1 October 2011 £m	Unaudited 26 weeks ended 25 September 2010 £m	Audited 53 weeks ended 2 April 2011 £m
Tax relating to items charged/credited to the Statement of Comprehensive Income			
Deferred tax:			
Change in corporation tax rate	**0.1**	0.2	0.3
Net (losses)/gains on valuation of financial assets and liabilities	**(0.6)**	0.1	0.5
Net actuarial (losses)/gains on pension scheme	**(2.4)**	(1.0)	1.6
Tax (credit)/charge included in the Statement of Comprehensive Income	**(2.9)**	(0.7)	2.4
Tax relating to items charged/credited directly to equity			
Deferred tax:			
Reduction in deferred tax liability due to indexation	**(0.4)**	(0.2)	(0.8)
Share-based payments	**0.1**	(0.2)	(0.2)
Current tax:			
Share-based payments	**(0.1)**	–	(0.1)
Tax credit included in the Statement of Changes in Equity	**(0.4)**	(0.4)	(1.1)

The taxation charge is calculated by applying the Directors' best estimate of the annual effective tax rate to the profit for the period.

During the period the Finance Act 2011 has been "substantively enacted". The main impact is that the rate of UK corporation tax will reduce from 26% to 25% on 1 April 2012. To the extent that this rate change will affect the amount of future cash tax payments to be made by the Group, this will reduce the size of both the Group's balance sheet deferred tax liability and deferred tax asset. The impact in the 26 weeks to 1 October 2011 is an exceptional credit to the income statement of £1.3 million, and a charge to the Statement of Comprehensive Income of £0.1 million. The impact of previous rate changes in the 53 weeks ended 2 April 2011 was an exceptional credit to the income statement of £2.6 million, and a charge to the Statement of Comprehensive Income of £0.3 million.

Further reductions have been proposed, to reduce the rate to 24% and 23% on 1 April 2013 and 2014 respectively, however these changes have not been substantively enacted and the financial effects will only be recorded in future periods as legislation is introduced.

FULLER'S — INDEPENDENT FAMILY BREWERS — ESTD 1845 — GRIFFIN BREWERY — CHISWICK

Notes to the Financial Statements continued

6. Earnings Per Share

	Unaudited 26 weeks ended 1 October 2011 £m	Unaudited 26 weeks ended 25 September 2010 £m	Audited 53 weeks ended 2 April 2011 £m
Profit attributable to equity shareholders	**13.0**	13.3	24.8
Exceptional items net of tax	**(0.9)**	(2.1)	(3.8)
Adjusted earnings attributable to equity shareholders	**12.1**	11.2	21.0

	Number	Number	Number
Weighted average share capital	**56,340,000**	56,125,000	56,208,000
Dilutive outstanding options and share awards	**775,000**	759,000	1,062,000
Diluted weighted average share capital	**57,115,000**	56,884,000	57,270,000

	Pence	Pence	Pence
40p 'A' and 'C' ordinary share			
Basic earnings per share	**23.07**	23.70	44.12
Diluted earnings per share	**22.76**	23.38	43.30
Adjusted earnings per share	**21.48**	19.96	37.36
Diluted adjusted earnings per share	**21.19**	19.69	36.67

	Pence	Pence	Pence
4p 'B' ordinary share			
Basic earnings per share	**2.31**	2.37	4.41
Diluted earnings per share	**2.28**	2.34	4.33
Adjusted earnings per share	**2.15**	2.00	3.74
Diluted adjusted earnings per share	**2.12**	1.97	3.67

For the purposes of calculating the number of shares to be used above, 'B' shares have been treated as one tenth of an 'A' or 'C' share. The earnings per share calculation is based on earnings from continuing operations and on the weighted average ordinary share capital which excludes shares held by trusts relating to employee share options and shares held in treasury of 644,439 (25 September 2010: 859,252 and 2 April 2011: 775,935).

Diluted earnings per share are calculated using the same earnings figure as for basic earnings per share, divided by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Adjusted earnings per share are calculated on profit before tax excluding exceptional items and on the same weighted average ordinary share capital as for the basic and diluted earnings per share.

Notes to the Financial Statements continued

7. Dividends

	Unaudited 26 weeks ended 1 October 2011 £m	Unaudited 26 weeks ended 25 September 2010 £m	Audited 53 weeks ended 2 April 2011 £m
Declared and paid during the period			
Final dividend paid in the period*	**4.0**	0.6	0.6
First interim dividend paid in the period	**–**	–	2.7
Equity dividends paid on ordinary shares	**4.0**	0.6	3.3
Dividends on cumulative preference shares (note 4)	**0.1**	0.1	0.1

	Pence	Pence	Pence
Dividends per 40p 'A' and 'C' ordinary share declared in respect of the period			
First interim	**5.05p**	4.75p	4.75
Final	**–**	–	7.05
	5.05p	4.75p	11.80

** The final dividend paid for the 52 weeks ended 27 March 2010 took into account the level of interim dividends already paid during the year, which included a second interim dividend.*

The pence figures above are for the 40p 'A' and 'C' ordinary shares. The 4p 'B' ordinary shares carry dividend rights of one tenth of those applicable to the 40p 'A' ordinary shares. Own shares held in the employee share trusts do not qualify for dividends as the trustees have waived their rights. Dividends are also not paid on own shares held as treasury shares.

The Directors have declared an interim dividend of 5.05p (2010: 4.75p) for the 40p 'A' ordinary shares and 40p 'C' ordinary shares, and 0.505p (2010: 0.475p) for the 4p 'B' ordinary shares, with a total estimated cost to the Company of £2.9 million (2010: £2.7 million).

Notes to the Financial Statements continued

8. Property, Plant and Equipment

	Unaudited 26 weeks ended 1 October 2011 £m	Unaudited 26 weeks ended 25 September 2010 £m	Audited 53 weeks ended 2 April 2011 £m
Net book value at start of period	**342.8**	348.2	342.8
Additions	**9.5**	5.6	11.2
Business combinations	**9.2**	–	–
Disposals	**(0.6)**	(0.9)	(1.9)
Transfer to assets held for sale/investment properties	**(0.3)**	(0.5)	(1.0)
Impairment loss net of reversals	**0.1**	(0.9)	(1.3)
Depreciation provided during the period	**(6.3)**	(5.9)	(12.4)
Net book value at end of period	**354.4**	345.6	342.8

During the 26 weeks ended 25 September 2010, the Group recognised an impairment loss of £0.9 million in respect of the write down of licensed properties purchased in recent years where their asset values exceeded either fair value less costs to sell or their value in use (53 weeks ended 2 April 2011: £1.3 million). The impairment losses were driven principally by high individual asset prices in the market at the point of acquisition based on anticipated higher growth rates than are now expected and changes in the local competitive environment in which the pubs are situated.

During the 26 weeks ended 1 October 2011, the Group recognised a reversal of impairment credit of £0.1 million in respect of the write back of previously impaired licensed properties to their recoverable value.

Notes to the Financial Statements continued

9. Analysis of Net Debt

Unaudited – 26 weeks ended 1 October 2011	At 2 April 2011 £m	Cash flow £m	Non cash[1] £m	At 1 October 2011 £m
Cash and cash equivalents				
Cash and short term deposits	3.7	–	–	**3.7**
	3.7	–	–	**3.7**
Debt				
Bank loans[2]	(64.8)	(3.8)	(0.2)	**(68.8)**
Debenture stock	(25.8)	–	–	**(25.8)**
Preference shares	(1.6)	–	–	**(1.6)**
Total borrowings	(92.2)	(3.8)	(0.2)	**(96.2)**
Net debt	(88.5)	(3.8)	(0.2)	**(92.5)**

During the 26 weeks ended 1 October 2011, the Company entered into a new £30 million bank facility which runs until May 2015, co-terminal with the existing bank facilities. Total committed facilities are now £120 million, of which £50.5 million were unutilised at 1 October 2011.

Unaudited – 26 weeks ended 25 September 2010	At 27 March 2010 £m	Cash flow £m	Non cash[1] £m	At 25 September 2010 £m
Cash and cash equivalents				
Cash and short term deposits	1.1	(0.3)	–	0.8
	1.1	(0.3)	–	0.8
Debt				
Bank loans[2]	(80.2)	14.5	(0.1)	(65.8)
Debenture stock	(27.0)	–	–	(27.0)
Preference shares	(1.6)	–	–	(1.6)
Total borrowings	(108.8)	14.5	(0.1)	(94.4)
Net debt	(107.7)	14.2	(0.1)	(93.6)

[1] *Non cash movements relate to the amortisation of arrangement fees.*

[2] *Bank loans are stated net of unamortised arrangement fees.*

Notes to the Financial Statements continued

9. Analysis of Net Debt continued

Audited – 53 weeks ended 2 April 2011	At 27 March 2010 £m	Cash flow £m	Non cash[1] £m	At 2 April 2011 £m
Cash and cash equivalents				
Cash and short term deposits	1.1	2.6	–	3.7
	1.1	2.6	–	3.7
Debt				
Bank loans[2]	(80.2)	15.5	(0.1)	(64.8)
Debenture stock	(27.0)	1.2	–	(25.8)
Preference shares	(1.6)	–	–	(1.6)
Total borrowings	(108.8)	16.7	(0.1)	(92.2)
Net debt	(107.7)	19.3	(0.1)	(88.5)

[1] Non cash movements relate to the amortisation of arrangement fees.

[2] Bank loans are stated net of unamortised arrangement fees.

10. Retirement Benefit Obligations

	Unaudited At 1 October 2011 £m	Unaudited At 25 September 2010 £m	Audited At 2 April 2011 £m
The amount included in the Balance Sheet arising from the Group's obligations in respect of its defined benefit retirement plan			
Fair value of plan assets	**73.3**	72.7	77.1
Present value of scheme liabilities	**(88.4)**	(89.1)	(83.5)
Deficit in the scheme	**(15.1)**	(16.4)	(6.4)
Key financial assumptions used in the valuation of the scheme			
Rate of increase in salaries	**3.70%**	3.60%	4.00%
Rate of increase in pensions in payment	**3.20%**	3.10%	3.50%
Discount rate	**5.10%**	5.10%	5.55%
Inflation assumption – RPI	**3.20%**	3.10%	3.50%
Inflation assumption – CPI	**2.70%**	n/a	3.00%

Notes to the Financial Statements continued

10. Retirement Benefit Obligations continued

Mortality assumptions

The mortality assumptions used in the valuation of the Plan as at 1 October 2011 are as set out in the financial statements for the 53 weeks ended 2 April 2011.

	At 1 October 2011 £m	At 25 September 2010 £m	At 2 April 2011 £m
Value of assets in the scheme			
Bonds – Corporate	**15.9**	15.2	15.0
Equities	**31.0**	41.4	45.7
Property	**0.6**	0.6	0.6
Absolute return fund*	**24.3**	14.1	14.7
Cash	**0.4**	0.4	0.1
Annuities	**1.1**	1.0	1.0
Total market value of assets	**73.3**	72.7	77.1

**The absolute return fund assets were previously shown split between the asset classes held in the fund at each period end date. During the 26 weeks ended 1 October 2011 management has reviewed this and consider that it is more appropriate to show these assets separately, as the asset split is fluid and the fund's aim is to target an equity return over the long term. The asset splits for previous periods have been restated in line with the revised treatment.*

	Unaudited 26 weeks ended 1 October 2011 £m	Unaudited 26 weeks ended 25 September 2010 £m	Audited 53 weeks ended 2 April 2011 £m
Movement in deficit during period			
Deficit in scheme at beginning of the period	**(6.4)**	(12.7)	(12.7)
Movement in period:			
Current service cost	**(0.7)**	(0.8)	(1.6)
Contributions	**1.2**	1.0	2.0
Finance income/(charge) on net pension liabilities	**0.1**	(0.1)	(0.1)
Net actuarial (losses)/gains	**(9.3)**	(3.8)	6.0
Deficit in scheme at end of the period	**(15.1)**	(16.4)	(6.4)

11. Post Balance Sheet Event

On 1 November 2011 the Company acquired five pubs from Marston's for £16.0 million. These were The Pavilion End and Bluu which are in the City of London, The Wellington, Waterloo, The Hand & Flower, Kensington Olympia and The Red Lion Hotel, Wendover.

Notes to the Financial Statements continued

12. Principal Risks and Uncertainties

There has been no change since 2 April 2011 to the risk and uncertainties which may affect the Company's performance in the next six months, details of which are set out in the financial statements for the 53 weeks ended 2 April 2011, and are available on the Fuller's website, www.fullers.co.uk. In summary three different generic types of risk and uncertainty have been identified by the Directors.

- Regulatory risks encompass the risks to the business of increased regulation of the sale of alcohol, health and safety in the workplace and pensions.
- Economic and market conditions include the risk to the business due to the strength or otherwise of the economy, cost pressures, in particular from utilities, the risk of assigned leases reverting to the Group and changes in consumer trends.
- Operational risks such as damage to the Group's property, brands or reputation and reliance on information systems to operate efficiently on a daily basis.

Principal among these risks and uncertainties is the ongoing strength of the UK economy as it faces the possibility of prolonged weakness; with public spending cuts and taxation rises already taking effect, consumer spending in the UK remains under severe pressure, with the leisure industry particularly vulnerable. Other key risks include the impact of new Government regulation, particularly with regard to future policy on alcohol duties and Off-trade retail pricing, which may impact demand for our products, and our ongoing exposure to incidents which may damage the reputation of the Company or its brands, or our ability to supply our customers.

13. Shareholders' Information

Shareholders holding 40p 'C' ordinary shares are reminded that they have 30 days from 25 November 2011 should they wish to convert those 'C' shares to 'A' shares. The next available opportunity after that will be June 2012. For further details please contact the Company's registrars, Computershare on 0870 702 0101.

14. Statement of Directors' Responsibilities

The Directors confirm, to the best of their knowledge, that this condensed set of financial statements has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the European Union, 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, namely:

- an indication of important events that have occurred during the first six months and their impact on the financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- disclosure of material related party transactions in the first six months and any material changes to related party transactions.

The Directors of Fuller, Smith & Turner P.L.C. are listed on page 29.

By order of the Board

Michael Turner, *Chairman* **James Douglas,** *Finance Director*

25 November 2011

Directors and Advisers as at 25 November 2011

Directors

Michael Turner, FCA, *Chairman*

Simon Emeny, *Group Managing Director*

James Douglas, ACA

Richard Fuller

John Dunsmore*

Nigel Atkinson*

Sir James Fuller, Bt.*

Lynn Fordham, CA*

Alastair Kerr*[1]

**Non Executive.*
[1]*Appointed to the Board on 1 August 2011.*

President

Anthony Fuller, CBE

Secretary and Registered Office

Marie Gracie, FCIS
Griffin Brewery
Chiswick Lane South
Chiswick
London W4 2QB

Tel: 020 8996 2105

Registered Number: 241882

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Stockbrokers

Numis Securities Limited
10 Paternoster Square
London EC4M 7LT

Registrars

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

Tel: 0870 702 0101

Please note you can now advise Computershare of changes to your address or set up a dividend mandate online at www.computershare.com/investor/uk

FULLER SMITH & TURNER P.L.C.

Griffin Brewery, Chiswick Lane South, Chiswick, London W4 2QB
Telephone: +44 (0)20 8996 2000
Fax: +44 (0)20 8995 0230
E-mail: Fullers@fullers.co.uk
Web address: www.fullers.co.uk
Registered number: 241882