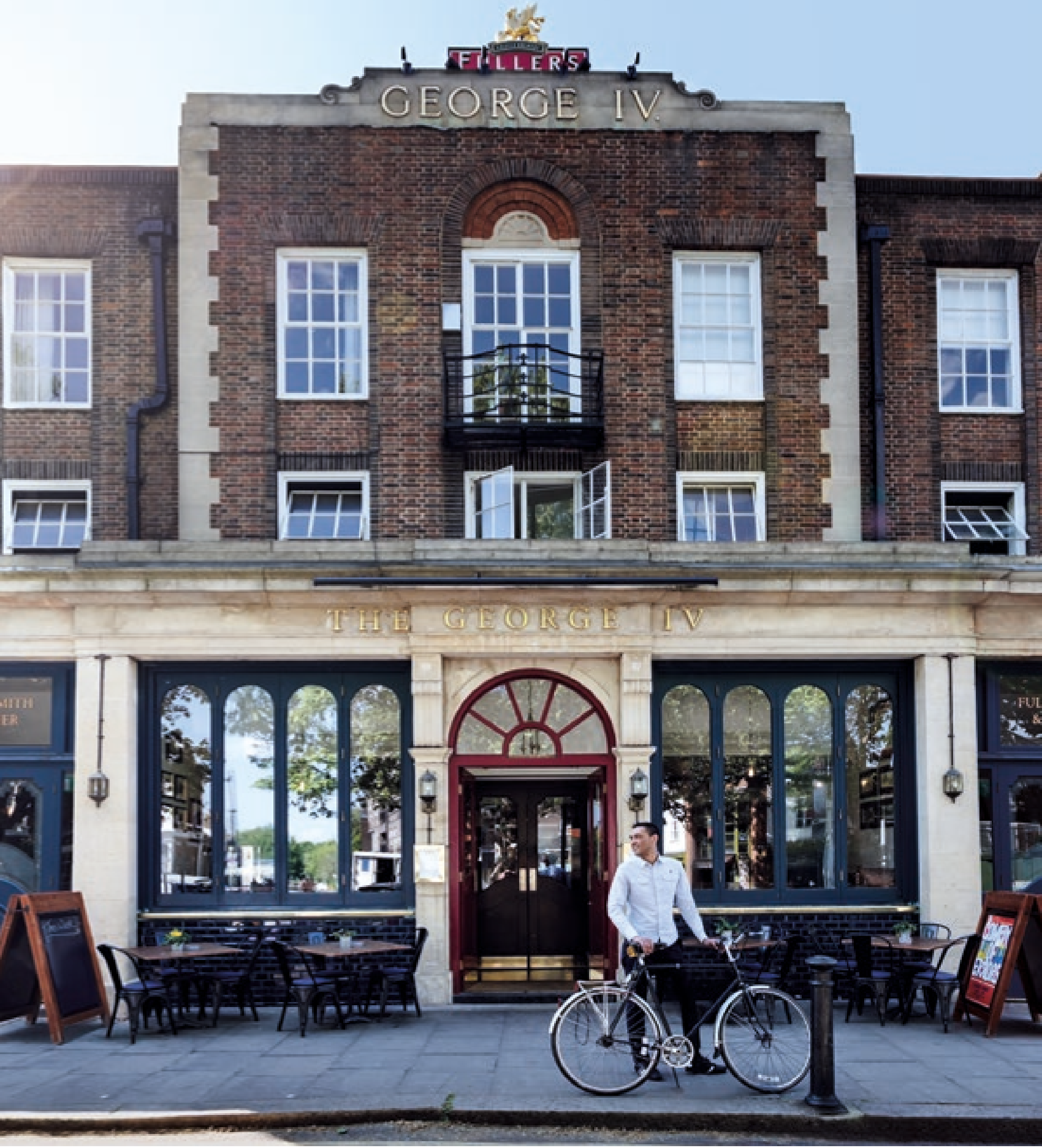
STRONG HERITAGE, CLEAR DIRECTION

HALF YEAR REPORT
FOR THE 26 WEEKS ENDED 28 SEPTEMBER 2019



CORPORATE PROGRESS[1]

- **£164.5 million profit** from the sale of the Fuller's Beer Business
- Revenue **up 6%** to £174.8 million
- Adjusted profit[3] was **level** at £17.9 million
- Adjusted earnings per share[4] **up 1%** to 26.17p
- Interim dividend **level** at 7.80p per 'A' and 'C' 40p ordinary share
- EBITDA[2] was **£30.2 million**
- Managed Pubs and Hotels **like for like sales up 2.7%** and **profits down 2%**
- Tenanted Inns **revenue increased by 3%, like for like profits reduced 3%**

FULLER, SMITH & TURNER P.L.C. FINANCIAL HIGHLIGHTS[1]

for the 26 weeks ended 28 September 2019

	Post IFRS 16 Unaudited 26 weeks ended 28 September 2019 £m	Pre IFRS 16 Unaudited 26 weeks ended 28 September 2019 £m	Unaudited 26 weeks ended 29 September 2018 £m	Change Pre IFRS 16 2019/2018	Audited 52 weeks ended 30 March 2019 £m
Revenue	174.8	174.8	165.0	+6%	324.7
EBITDA[2]	35.5	30.2	30.6	(1%)	59.5
Adjusted profit[3]	17.4	17.9	17.9	level	33.1
Separately disclosed items before tax	(6.3)	(3.2)	(2.8)	n/a	(10.1)
Statutory profit before tax	11.1	14.7	15.1	(3%)	23.0
Group statutory profit before tax	176.2	179.8	20.8	+764%	26.1
Adjusted earnings per share[4]	25.27p	26.17p	25.83p	+1%	48.40p
Basic earnings per share[5]	15.81p	21.27p	21.65p	(2%)	32.39p
Dividend per share[5]	7.80p	7.80p	7.80p	level	20.15p
Net debt[6]	118.8	23.0	223.1		245.2
Pro-forma net debt/EBITDA[7]	1.7 times	0.4 times	3.1 times		3.1 times

1 All figures above are from continuing operations except where stated and change percentages are on a comparable basis to prior periods, excluding IFRS 16 adjustments.

2 Pre-separately disclosed earnings before interest, tax, depreciation, loss on disposal of plant and equipment and amortisation.

3 Adjusted profit is the profit before tax excluding separately disclosed items.

4 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.

5 Calculated on a 40p ordinary share.

6 Net debt comprises cash and short-term deposits, bank overdraft, bank loans, debenture stock, preference shares and lease liabilities under IFRS 16.

7 Pro forma net debt/EBITDA is calculated on a 12 month basis adjusting as appropriate for acquisitions and disposals.

CHAIRMAN'S STATEMENT

The first six months of the year have signalled the start of a truly transformational period for your Company. The sale of the Fuller's Beer Business to Asahi completed in April, delivering an outstanding profit of £164.5 million, and we are now adjusting to life as a focused premium pubs and hotels business.

In trading terms, the year has started well and I am delighted to see revenues rise by 6% to £174.8 million (H1 2019: £165.0 million). The impact of cost pressures from increasing business rates and wage inflation in our Managed Pubs and Hotels, and tough comparatives in our Tenanted Inns following a particularly strong performance in 2018, has kept our adjusted profit on a comparable basis, before IFRS 16 adjustments, level with the prior year at £17.9 million.

Our shareholders, who have benefited from the recent £69 million return of capital resulting from the sale of the Beer Business, will no doubt be pleased to see adjusted earnings per share[1] continue to rise. In the light of the recent return of capital to shareholders, we have decided to take a prudent approach to our dividend policy at this juncture and the interim dividend will remain level at 7.80p.

Our Managed Pubs and Hotels have once again performed well with like for like sales rising by 2.7%. Our pub estate comprises many of the most iconic sites in the South of England and we continue to invest in maintaining the quality and premium nature of this predominately freehold estate. Post period end, we also acquired Cotswold Inns & Hotels for £40 million, a charming group of seven stunning freehold country inns and hotels in the Cotswolds and two exciting bars in Birmingham's city centre.

For our Tenants, the impact of last year's great weather and strong trading during the World Cup football tournament was always going to be difficult to replicate and like for like profits fell marginally by 3%. I am delighted to welcome Iain Rippon to the position of Head of Operations for the Tenanted Inns. Iain brings a wealth of experience to this role and I am confident this part of the business will continue to develop under his leadership.

We have identified areas where we need to address issues, such as our central costs and the enterprise resource planning (ERP) system. The process of implementing a new ERP system started three years ago and the solution was designed for a vertically integrated business. It is clear that it is no longer appropriate following the sale of the Fuller's Beer Business and we will be replacing it with a simpler, proven accounting system designed for the premium pubs and hotels business that Fuller's is today.

During the period, we have also seen some changes to our Board. We said goodbye to former Fuller's Inns Managing Director, Jonathon Swaine, and Non-Executive Director Peter Swinburn, who stepped down from the Board due to ill health. Both Jonathon and Peter have made significant contributions during their tenures and Peter played an important role in the deliberations to sell the Beer Business. We wish them both well and hope Peter's health improves.

We could not do what we do without the commitment and dedication of our people. Their support during the sale of the Beer Business was unfaltering and they continue to deliver that great difference between the Fuller's experience and that of our competitors. On behalf of the Board, I thank each and every one for the part they play and I look forward to working with them in the future.

Dividend

The Board is pleased to announce an interim dividend of 7.80p (H1 2019: 7.80p) per 40p 'A' and 'C' ordinary share and 0.780p (H1 2019: 0.780p) per 4p 'B' ordinary share. This will be paid on Friday 10 January 2020 to shareholders on the register as at Friday 20 December 2019.

Michael Turner
Chairman
11 December 2019

[1] Comparable basis, excluding the impact of IFRS 16 *Accounting for Leases*.

CHIEF EXECUTIVE'S REVIEW

The first half of this year has seen the biggest transformation in Fuller's history. It has been a time of unprecedented change – and not without its challenges – but we have made good progress and we have a clear view and plan for the next steps in our journey from vertically integrated brewer and retailer to focused premium pubs and hotels business.

Since completing the sale of the Beer Business at the end of April, we have put a new Executive Team in place – designed for the business as it is today. We have signed a Long-Term Supply Agreement with Asahi to protect the status of Fuller's beers on our bars, while also forging new and exciting relationships with other interesting suppliers. Post period end, we have also completed the return of capital to our shareholders and made a voluntary contribution to our defined benefit pension scheme to the tune of £69 million and £24 million respectively.

Following the sale of the Beer Business and subsequent complex separation, there have been many moving parts to navigate. As previously announced, we have incurred some greater than anticipated costs as a result and we are now taking action to address these. The Transitional Services Agreement (TSA) with Asahi is due to remain in place until May 2020 to ensure a smooth handover. Thereafter, the Company will be able to transition to a simplified structure more appropriate for a focused premium pubs and hotels business.

The TSA is underpinned by the ERP system which was designed for a business that included brewing, packaging and distribution. It has become clear that the system will not be appropriate for Fuller's as it is now and we will be identifying and implementing a proven, simplified accounting system to deliver the business information we require.

Finally, we have secured new offices, in our Chiswick heartland, which we will move to in the spring. And to cap off the first stage in our modern history we have, post the period end, completed the excellent acquisition of Cotswold Inns & Hotels – seven iconic and beautiful freehold sites in the Cotswolds and two vibrant bars in Birmingham's city centre.

Throughout all this change, we have not taken our eye off the underlying business and we have continued to invest in our people, our properties and in ensuring that our customers have great experiences in our pubs and hotels.

We have a clear strategy going forward to operate in the most attractive, long-term segments of the market. We will continue to focus on serving discerning customers, with a high quality, premium pub and hotel offer that has, at its heart, delicious, fresh food, an innovative portfolio of interesting and exciting drinks and beautiful bedrooms delivered with engaging service from people with real passion. We will also continue to invest in our predominately freehold estate and seek out, but apply our disciplined approach to, new acquisitions.

Managed Pubs and Hotels

The year has started well for our Managed Pubs and Hotels – with like for like sales rising 2.7% against a very strong comparative from last year (H1 2019: 4.1%). Our revenue has risen by 5% to £156.8 million (H1 2019: £149.4 million), although our operating profit[2] has declined slightly by 2% to £22.1 million (H1 2019: £22.6 million).

[2] Comparable basis, excluding the impact of IFRS 16 *Accounting for Leases*.

This reduction in profit is due to a 6% rise in industry-wide operating costs driven by rising business rates and wage inflation. We have been anticipating and flagging these cost pressures – and in particular the impact they would have on operating margin, which now stands at 14.1% (H1 2019: 15.1%) – for the last two years and the impact can now quite clearly be seen. At Group level, the reduction in operating profit was offset by a saving in interest.

Attracting and retaining the best people
Our people are the key difference in delivering an amazing customer experience and the battle for talent is ongoing. While the details of a coherent immigration policy – providing the team members we need to grow our business further – are still to be confirmed, we have continued to invest in our people.

Nearly 3,000 team members in our Managed Pubs and Hotels have undertaken some form of development either online, in situ or at a class during the first half of the year. Of these, 288 have completed a progression, transition or leadership programme as part of our commitment to home-grown talent. This ethos is already delivering and 55% of our pub general managers have completed our Management Training Programme.

To support this work, we need to ensure a good supply of new colleagues and we have already recruited 120 apprentices since April. The Apprenticeship Scheme has worked well for us and, during the period, we started our first degree apprenticeship programme. This new course involves an £8,000 investment per person and 19 of our talented general managers are in the first cohort. Our Apprenticeship Levy spend currently stands at 60% – well above the average.

Finally, our Chefs' Guild goes from strength to strength and we were delighted to announce that Simon Rogan, the holder of four Michelin Stars and owner of restaurants including L'Enclume, Aulis and Roganic, has taken on the role of President of the Chefs' Guild. This further highlights the respect and ambition we have for our highly skilled chefs.

Investing for the future
We have continued to invest in our existing estate, both back and front of house, with 58 closure weeks. Major projects during the period included The Anglers at Teddington, The Bishop on the Bridge in Winchester, The Chamberlain Hotel on Minories (City of London), The Mason's Arms in Battersea, The Telegraph off Moorgate (City of London), The Old Bank on Northcote Road in Clapham, The Bell & Crown by Kew Bridge and the addition of 10 new bedrooms at The White Hart in Stockbridge.

During the period, two tenanted pubs transferred into our managed estate: The Coach & Horses – the legendary pub in Soho – and The Swan, a charming site in Ship's Tavern Passage just off Gracechurch Street in the City.

Since the period end, the acquisition of Cotswold Inns & Hotels – seven iconic freehold sites in the Cotswolds and two vibrant bars in Birmingham's city centre – for a consideration of £40 million has added 201 bedrooms to our estate in sites that perfectly fit our geography and style of operation. The acquisition is immediately earnings enhancing and a number of the sites benefit from existing and lapsed planning consents, which will add additional trading space and bedrooms, providing further upside to the acquisition.

While we can bring benefits to the operation and take advantage of cost synergies on overheads and procurement terms, it takes us in a new direction too. The sites are all popular with both local visitors and tourists and have a well-developed function business both for corporate events and, in particular, weddings. Sharing this expertise will undoubtedly benefit other existing sites in the Fuller's estate.

The acquisitions and investments we made in the last financial year, such as the addition of bedrooms at The Counting House in Cornhill and The Blackbird in Earl's Court, are delivering good returns. In addition, we have had a very positive customer response to the look and feel of the four We Are Bar sites, which were all refurbished in the prior financial year.

Improving our customers' digital journey
At Fuller's, we have a very clear goal to ensure that all digital activity drives increased footfall, frequency of visit or spend per head. This is particularly clear in our Beautiful Bedrooms business where good use of digital media can drive direct bookings, reducing the costly commissions paid to online travel agencies.

We had identified an opportunity to raise consumer awareness around our Beautiful Bedrooms accommodation offer and over the last six months have been trialling enhanced digital activity for three sites around paid social and pay per click campaigns. This has led to a rise of 5-10% in direct bookings each month and gives us more control over the overall customer journey and messaging.

To support this, we also delivered a new Beautiful Bedrooms website which allows for better targeting by geography and reason to visit – for example, it is easier to find a hotel if you are a dog owner looking to stay in the New Forest or a cyclist needing a base in Berkshire. This level of differentiation will continue to pull us away from the homogenised middle ground that many of our competitors are now operating in.

This summer saw increased spend per head around our *Shakespeare in the Garden* activity by targeting regular customers to the event, with a dining package, leading to an uplift in food and beverage sales on Shakespeare nights. This year's Shakespeare promotion covered 32 pubs, with two shows – *Romeo & Juliet* and *The Merry Wives of Windsor*. We hosted a total audience of 6,258, of whom 78% purchased their tickets online – a definite shift in consumer behaviour.

During the period, our contactable customer database has increased by 64,000 people and we have improved the way we use blogs, to provide interesting and fun information on innovation and events while also improving our search engine optimisation, pushing us up the Google rankings.

In another addition to the role digital communication plays in our business, we launched *Good Food Talks* in early September. This is an app-based talking menu service aimed at allowing anyone with a visual impairment or dyslexia to independently browse and order from the menu. It has been very well received with over 3,500 app users in the first two months – well above our initial target.

Surprising and delighting our customers
We always aim to surprise and delight our customers by providing points of real difference from our competitors – such as the *House of Ice Cream*. Running during the summer at The Conductor, by City Thameslink, this unusual pop-up offered an Instagrammable range – including ice cream with fried chicken – which grew our followers by nearly 250% and generated 15 pieces of online coverage including the *Evening Standard*, *Time Out* and *LADbible*. It also raised the profile of our Laverstoke Park Farm ice cream, made with buffalo milk, which is available across our estate.

Giving additional reasons to visit is particularly applicable to the more exploratory nature of today's beer drinker. Our Long-Term Supply Agreement with Asahi endorses the Fuller's pub as the best place to enjoy a great pint of Fuller's beer – indeed, the seasonal brew Bohemian Way, which was on sale during July, was our best ever selling seasonal. But the sale of the Beer Business also allows us to broaden our already extensive drinks portfolio and work more closely with other brewers on beers that will only be available in Fuller's – such as Siren's Suspended in Chiswick and Camden's Off Menu IPA. These drive interest, social commentary and incremental sales.

During the period, we have also focused on the growing consumer trends around healthier lifestyles including low and no-alcohol drinks, where sales of this growing sector have risen over 500%, albeit from a small base. We have also added further delicious vegan and vegetarian dishes to our range, which has led to a 10% increase in sales of these dishes, against an overall rise in like for like food sales of 3.2%. In some of our pubs, vegetarian options now account for over 20% of all food sales.

Points of differentiation that set Fuller's pubs and hotels apart from the competition are a crucial area of focus. Whether it is through the creative use of Chef's Signature Dishes, innovation on the bar with one-off brews – sometimes at pub level and with the involvement of the pub team – or by building a calendar of big moments and customer engagement, we will never stop striving to make any visit to a Fuller's pub a truly memorable one and to achieve our goal of ensuring *Every Customer Leaves Happy*.

Tenanted Inns

With such tough comparatives from the combination of the football World Cup and brilliant weather in 2018, and the additional impact of increased spending on general maintenance, it is unsurprising that our Tenanted Inns have had a slow start with like for like profits down 3% (H1 2019: +4%). However, it is worth noting that those sites on our turnover agreement performed better than those on a standard tenancy, demonstrating the benefits that these agreements bring with them.

In mid-September, we were delighted to appoint Iain Rippon – an experienced leased and tenanted operator – to the position of Head of Operations for our Tenanted Inns. Iain is the perfect candidate to further develop and deliver future growth in this important part of our business.

During the period we invested in four sites that had transferred from our Managed estate in the prior year, while during the period two pubs transferred in the other direction.

The sale of the Beer Business has opened up new opportunities for our Tenants – increasing the range of products available and helping to build more points of difference in their trading areas. In addition, we continue to open up access to the Chefs' Guild and our food supplier base. Over 400 Tenants and their team members have engaged with a Fuller's training programme during the period – and we hope to see this number grow further.

Financial Performance

As previously reported at our year end results, the sale of our Beer Business to Asahi Europe Ltd, completed one month into this half year on 27 April 2019 for an enterprise value of £250 million.

The business sold comprises the entirety of Fuller's beer, cider and soft drinks brewing and production, wine wholesaling, and the distribution thereof, and also included the Griffin Brewery, Cornish Orchards, Dark Star Brewing and Nectar Imports. Accordingly, those divisions are reported as discontinued operations in the financial statements with the remaining Managed Pubs and Hotels and Tenanted Inns businesses being shown as continuing operations.

The amounts shown as discontinued operations in the financial statements for the 26 weeks ended 28 September 2019 are an operating profit before tax of £0.6 million (H1 2019: £5.7 million[3]). During the period, a gain on disposal of £164.5 million (net of transaction costs of £7.4 million) has also been recognised in discontinued operations. In addition, £7.0 million of disposal costs were recognised in the year ended 30 March 2019 within discontinued operations.

Since the end of the reporting period, Fuller's has returned £69 million of the proceeds to shareholders via 'D' shares issuance and repurchase, has made a voluntary contribution to the defined benefit pension scheme of £24 million, and is continuing with plans to reinvest in the existing pubs and hotels business to drive growth and invest in carefully selected acquisition opportunities as they arise, as illustrated by the acquisition of Cotswold Inns & Hotels.

The adoption of IFRS 16 *Accounting for Leases* has been reflected in the 26 weeks ended 28 September 2019 and, as permitted by the standard, transitional provisions have been adopted which allow for no restatement of prior period figures. Therefore for better comparison, the figures discussed below are on a pre IFRS 16 basis. All figures below are for the continuing operations of the Group.

Group revenue increased by 6% to £174.8 million (H1 2019: £165.0 million). Adjusted profit[4] of £17.9 million is flat with the prior period of £17.9 million as the decline in operating profits have been offset by reduced finance costs due to the repayment of a large proportion of bank debt following the disposal of the Fuller's Beer Business.

Managed Pubs and Hotels like for like sales growth was 2.7%, which builds on strong like for like growth last year, and total revenue grew 5% including a full period from Bel & The Dragon. The continued high level of investment in our pub estate has led to another period with significant closure weeks. Managed operating profit reduced £0.5 million to £22.1 million (H1 2019: £22.6 million). Operating margin was 14.1% compared with 15.1% for H1 2019, as a result of the impact of successive years of wage inflation, pension auto-enrolment increases, business rates rises and increased maintenance costs. Tenanted Inns revenue increased to £16.0 million (H1 2019: £15.6 million) and like for like profits have decreased 3%.

Pre IFRS 16 EBITDA[5] reduced by 1% to £30.2 million (H1 2019: £30.6 million). Net finance costs before separately disclosed items reduced from £3.2 million to £2.4 million, following the pay down of a significant portion of the Group's bank debt with the net proceeds from the disposal of the Fuller's Beer Business.

The Group generated cash from continuing operating activities of £15.9 million in the period (H1 2019: £20.1 million). The movement on last year is largely due to a negative working capital movement as well as a small decline in EBITDA[6]. During the period £3.7 million was spent on acquiring The Trinity at Borough and the programme of capital investments in the existing estate continued with £13.7 million invested in the first half of the year. The sale of the Beer Business on 27 April 2019 resulted in net cash proceeds during the period of £230.9 million. Net debt therefore reduced from £245.2 million at 30 March 2019 to £23.0 million at 28 September 2019 before IFRS 16. Lease-adjusted net debt was £118.8 million. This is after the inclusion of the lease liability under IFRS 16.

[3] Discontinued operations for the prior period have been updated to remove allocation of central overheads, for consistency with current period.

[4] Adjusted profit is the profit before tax excluding separately disclosed items.

[5] Comparable basis, excluding the impact of IFRS 16 *Accounting for Leases*.

[6] Earnings before separately disclosed items, interest, tax, depreciation and amortisation.

During the period, one of our bank facilities of £50 million expired. At 28 September 2019, the Group had £210 million of available facilities of which £151.7 million is available until August 2021, £33.3 million is available until August 2020 and £25.0 million expired in October 2019. Our undrawn committed facilities at 28 September 2019 were £170.0 million, with a further £44.2 million of cash held on the Balance Sheet. However, as detailed above, since the period end we have returned £69 million capital to shareholders, made a £24 million voluntary contribution to the defined benefit pension scheme and purchased Cotswold Inns & Hotels for £40 million and therefore available facilities are reduced but remain substantial.

Separately disclosed items before tax[7] from continuing operations, a charge of £3.2 million (H1 2019: £2.8 million), principally consist of £1.4 million investment in the upgrade of the core IT system, £0.5 million reorganisation costs related to the sale of the Fuller's Beer Business, £0.4 million of asset impairments, a net interest charge on our pension deficit of £0.4 million, loss on disposal of £0.4 million and £0.1 million finance charge on cancellation of interest rate caps. The £164.5 million profit on the sale of the Fuller's Beer Business has been recognised in discontinued operations and we also recognised a £3.1 million impairment charge relating to right-of-use assets on adoption of IFRS 16 *Accounting for Leases*. After separately disclosed items, statutory profit before tax on continuing operations was £11.1 million (H1 2019: £15.1 million). Group statutory profit before tax including discontinued operations was £176.2 million (H1 2019: £20.8 million).

Tax has been provided for at an effective rate before separately disclosed items of 19.6% (H1 2019: 20.7%). No tax has been provided on the profit on disposal of the Beer Business due to the substantial shareholding exemption. A full analysis of the tax charge is set out in note 5.

The net impact of these items results in basic earnings per share on continuing operations pre IFRS 16 decreasing by 2% to 21.27p (post IFRS 16: 15.81p, H1 2019: 21.65p), with adjusted earnings per share[8] on continuing operations pre IFRS 16 up 1% at 26.17p (post IFRS 16: 25.27p, H1 2019: 25.83p).

The deficit on the defined benefit pension scheme has fallen £2.0 million from the year end to £34.4 million (30 March 2019: £36.4 million, 29 September 2019: £22.5 million). The small decrease was due to £1.3 million of net actuarial gains and £1.1 million of deficit recovery contributions, offset by £0.4 million of interest cost.

During the period, 9,500 40p 'A' ordinary shares were purchased by the Company into Treasury for a total of £0.1 million.

Current Trading and Prospects

For the 36 weeks to 7 December 2019, like for like sales in our Managed Pubs and Hotels have risen 2.1% and total sales have increased 5.1%. In our Tenanted Inns, like for like profits are down 2%. These are solid results in the context of consumer unease reflecting the ongoing political and Brexit uncertainty.

We hope that the incoming Government helps us to continue to grow our business by overhauling the business rates system, ensuring a manageable level of wage inflation and creating an immigration system that allows us to recruit and invest in excellent team members from both home and abroad.

With the sale of the Fuller's Beer Business completed, we have started the next chapter in our history. As a focused premium pubs and hotels business, we have a single, clear vision – to deliver growth by supporting our general managers and Tenants to delight our customers and create memorable experiences. We will be ambitious, determined and patient in delivering this goal – seeking out the right opportunities, while continuing to invest in our people, our properties and our customers through innovative digital marketing and creative campaigns that give them more reasons to visit more often.

[7] Excluding the impact of IFRS 16 *Accounting for Leases*.
[8] Excluding separately disclosed items and the impact of IFRS 16 *Accounting for Leases*.

There are a number of exciting new sites in the pipeline including The White Horse at Wembley, The Windjammer at Royal Dock and The Parcel Office at Liverpool Street Station as well as our first addition to Bel & The Dragon, which will be in an existing Tenanted site in Westerham, Kent. Major schemes will also be undertaken at The Mayfly in Stockbridge and The Bear at Burton near Christchurch, where we will be adding a further 10 bedrooms, taking our total to 1,038.

We have taken the decision to replace the ERP system with a new, proven and simplified accounting system appropriate for a focused, premium pubs and hotels business. We will conclude the TSA with Asahi, move to our new offices and integrate Cotswold Inns & Hotels. We will do all of this with a clear focus on reducing our central costs and mitigating the margin impacts of rising wage inflation and business rates.

Fuller's is well funded, has a clear vision, a distinctive strategy, a portfolio of extremely high quality assets and an excellent culture – which stands us in good stead to navigate further political and economic turbulence. Against this backdrop, and with an excellent and engaged team of people, we are poised to deliver further growth for our shareholders and our team members, and to ensure even more customers can enjoy all that Fuller's has to offer.

Simon Emeny
Chief Executive
11 December 2019

CONDENSED GROUP INCOME STATEMENT

for the 26 weeks ended 28 September 2019

	Note	Post IFRS 16 Unaudited 26 weeks ended 28 September 2019 £m	Pre IFRS 16* Unaudited 26 weeks ended 28 September 2019 £m	Unaudited 26 weeks ended 29 September 2018 £m	Audited 52 weeks ended 30 March 2019 £m
Continuing operations					
Revenue	2	174.8	174.8	165.0	324.7
Operating costs		(153.7)	(154.5)	(143.9)	(284.7)
Adjusted operating profit	2	21.1	20.3	21.1	40.0
Operating separately disclosed items	3	(5.6)	(2.5)	(3.7)	(11.2)
Operating profit		15.5	17.8	17.4	28.8
Finance costs	4	(3.7)	(2.4)	(3.2)	(6.9)
Financing separately disclosed items	3,4	(0.3)	(0.3)	(0.4)	(0.8)
(Loss)/profit on disposal of properties	3	(0.4)	(0.4)	1.3	1.9
Profit before tax		11.1	14.7	15.1	23.0
Adjusted profit before tax		17.4	17.9	17.9	33.1
Total separately disclosed items	3	(6.3)	(3.2)	(2.8)	(10.1)
Profit before tax		11.1	14.7	15.1	23.0
Taxation	5	(2.4)	(3.0)	(3.2)	(5.2)
Analysed as:					
Underlying trading		(3.5)	(3.5)	(3.7)	(6.5)
Separately disclosed items	3	1.1	0.5	0.5	1.3
Profit for the year from continuing operations		8.7	11.7	11.9	17.8
Net profit from discontinued operations	14	165.0	165.0	4.6	1.7
Profit for the year		173.7	176.7	16.5	19.5
Attributable to:					
Equity shareholders of the Parent Company		173.7	176.7	16.3	19.3
Non-controlling interests		–	–	0.2	0.2

* Pre IFRS 16 results have been prepared under IAS 17 for comparison purposes only.

Central overheads have not been recharged for the 26 weeks ended 28 September 2019. Prior year overheads have also not been recharged to allow comparison. In H1 2019, £2.0 million (FY19: £3.3 million) of central overheads have been reclassified from discontinued operations to continuing operations to reflect this change.

CONDENSED GROUP INCOME STATEMENT CONTINUED

for the 26 weeks ended 28 September 2019

	Note	Post IFRS 16 Unaudited 26 weeks ended 28 September 2019 Pence	Pre IFRS 16* Unaudited 26 weeks ended 28 September 2019 Pence	Unaudited 26 weeks ended 29 September 2018 Pence	Audited 52 weeks ended 30 March 2019 Pence
Group					
Earnings per share per 40p 'A' and 'C' ordinary share					
Basic	6,14	315.73	321.19	29.65	35.12
Diluted	6,14	311.87	317.26	29.54	34.87
Adjusted	6,14	26.17	27.08	33.83	62.78
Diluted adjusted	6,14	25.85	26.75	33.71	62.33
Earnings per share per 4p 'B' ordinary share					
Basic	6,14	31.57	32.12	2.96	3.51
Diluted	6,14	31.19	31.73	2.95	3.49
Adjusted	6,14	2.62	2.71	3.38	6.28
Diluted adjusted	6,14	2.59	2.68	3.37	6.23
Continuing operations					
Earnings per share per 40p 'A' and 'C' ordinary share					
Basic	6	15.81	21.27	21.65	32.39
Diluted	6	15.62	21.01	21.56	32.16
Adjusted	6	25.27	26.17	25.83	48.40
Diluted adjusted	6	24.96	25.85	25.73	48.06
Earnings per share per 4p 'B' ordinary share					
Basic	6	1.58	2.13	2.17	3.24
Diluted	6	1.56	2.10	2.16	3.22
Adjusted	6	2.53	2.62	2.58	4.84
Diluted adjusted	6	2.50	2.59	2.57	4.81

* Pre IFRS 16 results have been prepared under IAS 17 for comparison purposes only.

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

for the 26 weeks ended 28 September 2019

	Note	Post IFRS 16 Unaudited 26 weeks ended 28 September 2019 £m	Pre IFRS 16* Unaudited 26 weeks ended 28 September 2019 £m	Unaudited 26 weeks ended 29 September 2018 £m	Audited 52 weeks ended 30 March 2019 £m
Profit for the period		**173.7**	**176.7**	16.5	19.5
Items that may be reclassified to profit or loss					
Net (losses)/gains on valuation of financial assets and liabilities		**(0.1)**	**(0.1)**	0.5	0.3
Tax related to items that may be reclassified to profit or loss	5	–	–	(0.1)	–
Items that will not be reclassified to profit or loss					
Net actuarial gains/(losses) on pension schemes	11	**1.3**	**1.3**	9.3	(5.0)
Tax related to items that will not be reclassified to profit or loss	5	**(0.2)**	**(0.2)**	(1.6)	0.8
Other comprehensive gains/(losses) for the period, net of tax		**1.0**	**1.0**	8.1	(3.9)
Total comprehensive income for the period		**174.7**	**177.7**	24.6	15.6
Total comprehensive income attributable to:					
Equity shareholders of the Parent Company		**174.7**	**177.7**	24.4	15.4
Non-controlling interests		–	–	0.2	0.2

* Pre IFRS 16 results have been prepared under IAS 17 for comparison purposes only.

CONDENSED GROUP BALANCE SHEET

28 September 2019

	Note	Post IFRS 16 Unaudited At 28 September 2019 £m	Pre IFRS 16* Unaudited At 28 September 2019 £m	Unaudited At 29 September 2018 £m	Audited At 30 March 2019 £m
Non-current assets					
Intangible assets		37.9	37.9	50.1	37.7
Property, plant and equipment	8	559.7	559.7	590.4	552.7
Investment properties		4.6	4.6	4.6	4.6
Other financial assets		–	–	0.1	–
Other non-current assets		0.1	0.1	0.4	0.3
Right-of-use assets	9	86.7	–	–	–
Total non-current assets		689.0	602.3	645.6	595.3
Current assets					
Inventories		5.2	5.2	15.7	5.0
Trade and other receivables		14.0	10.7	28.6	8.3
Cash and short-term deposits	10	44.2	44.2	22.0	11.0
Other financial assets		–	–	–	0.1
Assets classified as held for sale		–	–	–	87.0
Current tax receivable		2.4	2.4	–	–
Total current assets		65.8	62.5	66.3	111.4
Current liabilities					
Trade and other payables		(37.4)	(37.4)	(72.5)	(29.6)
Current tax payable		–	–	(4.5)	(2.8)
Provisions		(0.2)	(0.5)	(0.1)	(0.5)
Borrowings	10	–	–	(50.0)	(50.0)
Financial liabilities – lease liabilities	10	(8.4)	–	–	–
Liabilities classified as held for sale		–	–	–	(30.0)
Total current liabilities		(46.0)	(37.9)	(127.1)	(112.9)
Non-current liabilities					
Borrowings	10	(67.2)	(67.2)	(195.1)	(206.2)
Financial liabilities – lease liabilities	10	(87.4)	–	–	–
Other financial liabilities		(1.4)	(1.4)	(1.2)	(1.4)
Retirement benefit obligations	11	(34.4)	(34.4)	(22.5)	(36.4)
Deferred tax liabilities		(10.0)	(10.6)	(13.1)	(9.2)
Provisions		–	(1.9)	(0.6)	(2.1)
Other non-current payables		–	–	(0.5)	–
Total non-current liabilities		(200.4)	(115.5)	(233.0)	(255.3)
Net assets		508.4	511.4	351.8	338.5

	Note	Post IFRS 16 Unaudited At 28 September 2019 £m	Pre IFRS 16* Unaudited At 28 September 2019 £m	Unaudited At 29 September 2018 £m	Audited At 30 March 2019 £m
Capital and reserves					
Share capital		22.8	22.8	22.8	22.8
Share premium account		4.8	4.8	4.8	4.8
Capital redemption reserve		3.1	3.1	3.1	3.1
Own shares		(17.2)	(17.2)	(19.8)	(19.8)
Hedging reserve		(1.1)	(1.1)	(0.6)	(0.8)
Retained earnings		496.0	499.0	341.5	328.4
Total equity		508.4	511.4	351.8	338.5

* Pre IFRS 16 results have been prepared under IAS 17 for comparison purposes only.

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

for the 26 weeks ended 28 September 2019

Unaudited – 26 weeks ended 28 September 2019	Share capital £m	Share premium account £m
At 30 March 2019	**22.8**	**4.8**
Profit for the period	–	–
Other comprehensive (loss)/income for the period	–	–
Total comprehensive income for the period	–	–
Shares purchased to be held in ESOT or as treasury	–	–
Shares released from ESOT and treasury	–	–
Dividends (note 7)	–	–
Share-based payment charges	–	–
Transfer to retained earnings	–	–
Tax charged directly to equity (note 5)	–	–
At 28 September 2019	**22.8**	**4.8**
Unaudited – 26 weeks ended 29 September 2018		
At 31 March 2018	22.8	4.8
Profit for the period	–	–
Other comprehensive income for the period	–	–
Total comprehensive income for the period	–	–
Shares purchased to be held in ESOT or as treasury	–	–
Shares released from ESOT and treasury	–	–
Dividends (note 7)	–	–
Share-based payment charges	–	–
Adjustment arising from change in non-controlling interest	–	–
Tax charged directly to equity (note 5)	–	–
At 29 September 2018	22.8	4.8
Audited – 52 weeks ended 30 March 2019		
At 31 March 2018	22.8	4.8
Profit for the year	–	–
Other comprehensive income/(loss) for the year	–	–
Total comprehensive income for the year	–	–
Shares purchased to be held in ESOT or as treasury	–	–
Shares released from ESOT and treasury	–	–
Dividends (note 7)	–	–
Share-based payment charges	–	–
Adjustment arising from change in non-controlling interest	–	–
At 30 March 2019	22.8	4.8

	Capital redemption reserve £m	Own shares £m	Hedging reserve £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
	3.1	**(19.8)**	**(0.8)**	**328.4**	**338.5**	**–**	**338.5**
	–	**–**	**–**	**173.7**	**173.7**	**–**	**173.7**
	–	**–**	**(0.1)**	**1.1**	**1.0**	**–**	**1.0**
	–	**–**	**(0.1)**	**174.8**	**174.7**	**–**	**174.7**
	–	**(0.1)**	**–**	**–**	**(0.1)**	**–**	**(0.1)**
	–	**2.7**	**–**	**(0.9)**	**1.8**	**–**	**1.8**
	–	**–**	**–**	**(6.8)**	**(6.8)**	**–**	**(6.8)**
	–	**–**	**–**	**0.4**	**0.4**	**–**	**0.4**
	–	**–**	**(0.2)**	**0.2**	**–**	**–**	**–**
	–	**–**	**–**	**(0.1)**	**(0.1)**	**–**	**(0.1)**
	3.1	**(17.2)**	**(1.1)**	**496.0**	**508.4**	**–**	**508.4**
	3.1	(19.2)	(1.1)	328.4	338.8	(3.9)	334.9
	–	–	–	16.3	16.3	0.2	16.5
	–	–	0.5	7.6	8.1	–	8.1
	–	–	0.5	23.9	24.4	0.2	24.6
	–	(2.6)	–	–	(2.6)	–	(2.6)
	–	2.0	–	(0.9)	1.1	–	1.1
	–	–	–	(6.6)	(6.6)	–	(6.6)
	–	–	–	0.5	0.5	–	0.5
	–	–	–	(3.7)	(3.7)	3.7	–
	–	–	–	(0.1)	(0.1)	–	(0.1)
	3.1	(19.8)	(0.6)	341.5	351.8	–	351.8
	3.1	(19.2)	(1.1)	328.4	338.8	(3.9)	334.9
	–	–	–	19.3	19.3	0.2	19.5
	–	–	0.3	(4.2)	(3.9)	–	(3.9)
	–	–	0.3	15.1	15.4	0.2	15.6
	–	(3.2)	–	–	(3.2)	–	(3.2)
	–	2.6	–	(1.5)	1.1	–	1.1
	–	–	–	(10.9)	(10.9)	–	(10.9)
	–	–	–	1.0	1.0	–	1.0
	–	–	–	(3.7)	(3.7)	3.7	–
	3.1	(19.8)	(0.8)	328.4	338.5	–	338.5

CONDENSED GROUP CASH FLOW STATEMENT

for the 26 weeks ended 28 September 2019

	Note	Post IFRS 16 Unaudited 26 weeks ended 28 September 2019 £m	Pre IFRS 16* Unaudited 26 weeks ended 28 September 2019 £m	Unaudited 26 weeks ended 29 September 2018 £m	Audited 52 weeks ended 30 March 2019 £m
Group profit before tax for continuing operations		11.1	14.7	15.1	23.0
Net finance costs before separately disclosed items	4	3.7	2.4	3.2	6.9
Separately disclosed items	3	6.3	3.2	2.8	10.1
Depreciation and amortisation	2	14.4	9.9	9.5	19.5
		35.5	30.2	30.6	59.5
Difference between pension charge and cash paid		(0.7)	(0.7)	(1.0)	(2.2)
Share-based payment charges		0.5	0.5	0.5	1.0
Change in trade and other receivables		(2.1)	(2.1)	(2.1)	3.0
Change in inventories		(0.3)	(0.3)	0.1	(0.9)
Change in trade and other payables		(2.0)	(2.2)	(0.5)	(11.6)
Cash impact of operating separately disclosed items	3	(2.2)	(2.2)	(3.4)	(7.5)
Cash generated from operations		28.7	23.2	24.0	41.3
Tax paid		(7.3)	(7.3)	(3.9)	(8.6)
Cash generated from operating activities – continuing operations		21.4	15.9	20.1	32.7
Cash generated from operating activities – discontinued operations		0.6	0.6	9.0	0.3
Cash generated from operating activities		22.0	16.5	29.1	33.0
Cash flow from investing activities					
Business combinations	12	(3.7)	(3.7)	(20.1)	(20.1)
Purchase of property, plant and equipment and intangible assets		(13.7)	(13.7)	(12.2)	(28.5)
Sale of property, plant and equipment		–	–	3.5	7.3
Cash absorbed by investing activities – continuing operations		(17.4)	(17.4)	(28.8)	(41.3)
Cash generated/(absorbed by) investing activities – discontinued operations		230.9	230.9	(4.3)	(4.2)
Net cash inflow/(outflow) from investing activities		213.5	213.5	(33.1)	(45.5)

	Note	Post IFRS 16 Unaudited 26 weeks ended 28 September 2019 £m	Pre IFRS 16* Unaudited 26 weeks ended 28 September 2019 £m	Unaudited 26 weeks ended 29 September 2018 £m	Audited 52 weeks ended 30 March 2019 £m
Cash flow from financing activities					
Purchase of own shares		(0.1)	(0.1)	(2.6)	(3.2)
Receipts on release of own shares to option schemes		1.8	1.8	1.1	1.1
Interest paid		(2.7)	(2.7)	(3.0)	(6.2)
Preference dividends paid		(0.1)	(0.1)	(0.1)	(0.1)
Equity dividends paid	7	(6.8)	(6.8)	(6.6)	(10.9)
Drawdown of bank loans		–	–	31.5	42.3
Repayment of bank loans		(188.9)	(188.9)	(6.0)	(6.0)
Cost of refinancing		–	–	(0.2)	(0.2)
Principal elements of lease payments		(5.5)	–	–	–
Cost of new derivative instruments		–	–	(0.1)	–
Cash (absorbed by)/generated from financing activities – continuing operations		(202.3)	(196.8)	14.0	16.8
Net cash (outflow)/inflow from financing activities		(202.3)	(196.8)	14.0	16.8
Net movement in cash and cash equivalents	10	33.2	33.2	10.0	4.3
Cash acquired on acquisition		–	–	0.3	0.3
Cash and cash equivalents at the start of the period		11.0	11.0	11.7	11.7
Cash and cash equivalents at the end of the period	10	44.2	44.2	22.0	16.3
Included in the assets of the disposal group		–	–	–	(5.3)
Group cash and cash equivalents at the end of the period	10	44.2	44.2	22.0	11.0

* Pre IFRS 16 results have been prepared under IAS 17 for comparison purposes only. IFRS 16 does not impact actual cash, the impact is only presentational.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

for the 26 weeks ended 28 September 2019

1. Half Year Report

Basis of Preparation

The half year financial statements for the 26 weeks ended 28 September 2019 have been reviewed by the auditor and prepared in accordance with the Disclosure and Transparency Rules ("DTRs") of the Financial Conduct Authority and with International Accounting Standard ("IAS") 34 Interim Financial Reporting as adopted by the European Union, and should be read in conjunction with the Annual Report and Financial Statements for the 52 weeks ended 30 March 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The half year financial statements do not constitute full accounts as defined by Section 434 of the Companies Act 2006. The figures for the 52 weeks ended 30 March 2019 are derived from the published statutory accounts. Full accounts for the 52 weeks ended 30 March 2019, including an unqualified auditor's report which did not make any statement under Section 498 of the Companies Act 2006, have been delivered to the Registrar of Companies.

The Directors have reviewed current performance and forecasts, combined with expenditure commitments, and made appropriate enquiries. On the basis of the strong cash flows generated by the business and the significant headroom available on the 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.

The half year financial statements were approved by the Directors on 11 December 2019.

Taxation

Taxes on income in the interim periods are accrued using the tax rate that is expected to be applicable to total annual earnings for the full year in each tax jurisdiction based on substantively enacted or enacted tax rates at the interim date.

Reclassification

Central overheads were previously recharged to each of the segments. In the current year, the costs have not been recharged to reflect how information is now reported to the Chief Operating Decision Maker and the prior year numbers have been adjusted to allow comparison.

2. Segmental Analysis

Unaudited – 26 weeks ended 28 September 2019	Post IFRS 16 Managed Pubs and Hotels £m	Tenanted Inns £m	Unallocated[1] £m	Total continuing operations £m
Revenue				
Segment revenue	156.8	16.0	2.0	174.8
Segment result	22.9	6.6	(8.4)	21.1
Operating separately disclosed items				(5.6)
Operating profit				15.5
Loss on disposal of properties				(0.4)
Net finance costs				(4.0)
Profit before tax				11.1
Other segment information				
Capital expenditure: property, plant and equipment	12.1	0.7	0.2	13.0
Business combinations (note 12)	–	3.7	–	3.7
Depreciation and amortisation	13.2	1.0	0.2	14.4
Impairment of property	0.4	–	–	0.4
Impairment of right-of-use assets	3.1	–	–	3.1

Unaudited – 26 weeks ended 28 September 2019	Pre IFRS 16 Managed Pubs and Hotels £m	Tenanted Inns £m	Unallocated[1] £m	Total continuing operations £m
Revenue				
Segment revenue	156.8	16.0	2.0	174.8
Segment result	22.1	6.6	(8.4)	20.3
Operating separately disclosed items				(2.5)
Operating profit				17.8
Loss on disposal of properties				(0.4)
Net finance costs				(2.7)
Profit before tax				14.7
Other segment information				
Capital expenditure: property, plant and equipment	12.1	0.7	0.2	13.0
Business combinations (note 12)	–	3.7	–	3.7
Depreciation and amortisation	8.7	1.0	0.2	9.9
Impairment of property	0.4	–	–	0.4

[1] Unallocated expenses represent primarily the salary and costs of central management. Unallocated revenue represents TSA income.

2. Segmental Analysis continued

Unaudited – 26 weeks ended 29 September 2018	Managed Pubs and Hotels £m	Tenanted Inns £m	Unallocated[1] £m	Total continuing operations £m
Revenue				
Segment revenue	149.4	15.6	–	165.0
Segment result	22.6	7.0	(8.5)	21.1
Operating separately disclosed items				(3.7)
Operating profit				17.4
Profit on disposal of properties				1.3
Net finance costs				(3.6)
Profit before tax				15.1
Other segment information				
Capital expenditure: property, plant and equipment	10.1	2.1	–	12.2
Business combinations (note 12)	18.1	–	–	18.1
Depreciation and amortisation	8.4	0.9	0.2	9.5
Impairment of property	1.6	–	–	1.6
Reversal of impairment on property	(1.3)	(0.3)	–	(1.6)

Audited – 52 weeks ended 30 March 2019	Managed Pubs and Hotels £m	Tenanted Inns £m	Unallocated[1] £m	Total continuing operations £m
Revenue				
Segment revenue	293.8	30.9	–	324.7
Segment result	42.7	13.8	(16.5)	40.0
Operating separately disclosed items				(11.2)
Operating profit				28.8
Profit on disposal of properties				1.9
Net finance costs				(7.7)
Profit before tax				23.0
Other segment information				
Capital expenditure on property, plant and equipment	25.5	3.0	–	28.5
Business combinations (note 12)	18.1	–	–	18.1
Depreciation and amortisation	17.2	1.8	0.5	19.5
Impairment of property	3.0	–	–	3.0
Reversal of impairment on property	(1.3)	(0.5)	–	(1.8)

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

3. Separately Disclosed Items

Continuing operations	Post IFRS 16 Unaudited 26 weeks ended 28 September 2019 £m	Pre IFRS 16 Unaudited 26 weeks ended 28 September 2019 £m	Unaudited 26 weeks ended 29 September 2018 £m	Audited 52 weeks ended 30 March 2019 £m
Amounts included in operating profit:				
Acquisition costs	**(0.2)**	**(0.2)**	(0.6)	(0.6)
Reorganisation costs	**(0.5)**	**(0.5)**	(0.4)	(0.5)
Impairment of properties	**(0.4)**	**(0.4)**	(1.6)	(3.0)
Reversal of impairment on property	–	–	1.6	1.8
Impairment of right-of-use assets	**(3.1)**	–	–	–
Replacement of core IT systems	**(1.4)**	**(1.4)**	(2.7)	(6.7)
Onerous lease provision charge	–	–	–	(1.9)
Guaranteed Minimum Pension ("GMP") equalisation charge	–	–	–	(0.3)
Total separately disclosed items included in operating profit	**(5.6)**	**(2.5)**	(3.7)	(11.2)
(Loss)/profit on disposal of properties	**(0.4)**	**(0.4)**	1.3	1.9
Separately disclosed finance costs:				
Finance charge on net pension liabilities (note 11)	**(0.4)**	**(0.4)**	(0.4)	(0.8)
Finance credit on the cancellation of interest rate swaps	**0.1**	**0.1**	–	–
Total separately disclosed finance costs	**(0.3)**	**(0.3)**	(0.4)	(0.8)
Total separately disclosed items before tax	**(6.3)**	**(3.2)**	(2.8)	(10.1)
Separately disclosed tax:				
Profit on disposal of properties	–	–	(0.3)	(0.3)
Other items	**1.1**	**0.5**	0.8	1.6
Total separately disclosed tax	**1.1**	**0.5**	0.5	1.3
Total separately disclosed items	**(5.2)**	**(2.7)**	(2.3)	(8.8)

Acquisition costs of £0.2 million during the 26 weeks ended 28 September 2019 (29 September 2018: £0.6 million, 30 March 2019: £0.6 million) relates to transaction costs on property and business acquisitions.

The reorganisation costs of £0.5 million during the 26 weeks ended 28 September 2019 were principally incurred as a result of the restructure due to the disposal of the Fuller's Beer Business and relate to staff costs (29 September 2018: £0.4 million, 30 March 2019: £0.5 million).

The property impairment charge of £0.4 million during the 26 weeks ended 28 September 201 9 relates to the write down of one licensed property to its recoverable value (29 September 2018: £1.6 million, 30 March 2019: £3.0 million).

The right-of-use asset impairment charge of £3.1 million relates to the write down in value of right-of-use assets in relation to three operating leases (29 September 2018: £nil, 30 March 2019: £nil).

3. Separately Disclosed Items continued

The expenditure in relation to the upgrade of core IT systems of £1.4 million (29 September 2018: £2.7 million, 30 March 2019: £6.7 million) relates to the costs associated with the development of a new ERP system for the Group. The costs incurred primarily relate to consultancy and incremental additional staff costs to support the project.

The loss on disposal of properties of £0.4 million during the 26 weeks ended 28 September 2019 (29 September 2018: gain on disposal of £1.3 million, 30 March 2019: gain on disposal of £1.9 million) relates to the disposal of one property.

The cash impact of operating separately disclosed items before tax for the 26 weeks ended 28 September 2019 was £2.2 million cash outflow (29 September 2018: £3.4 million cash outflow, 30 March 2019: £7.5 million cash outflow).

4. Finance Costs

	Post IFRS 16 Unaudited 26 weeks ended 28 September 2019 £m	Pre IFRS 16 Unaudited 26 weeks ended 28 September 2019 £m	Unaudited 26 weeks ended 29 September 2018 £m	Audited 52 weeks ended 30 March 2019 £m
Interest expense arising on:				
Financial liabilities at amortised cost – loans and debentures	2.3	2.3	3.1	6.7
Financial liabilities at amortised cost – preference shares	0.1	0.1	0.1	0.1
Financial liabilities at amortised cost – lease liabilities	1.3	–	–	–
Total interest expense for financial liabilities	3.7	2.4	3.2	6.8
Unwinding of discounts on provisions	–	–	–	0.1
Total finance costs before separately disclosed items	3.7	2.4	3.2	6.9
Finance charge on net pension liabilities (note 11)	0.4	0.4	0.4	0.8
Finance credit on the cancellation of interest rate swaps	(0.1)	(0.1)	–	–
Total finance costs	4.0	2.7	3.6	7.7

5. Taxation

Continuing operations	Post IFRS 16 Unaudited 26 weeks ended 28 September 2019 £m	Pre IFRS 16 Unaudited 26 weeks ended 28 September 2019 £m	Unaudited 26 weeks ended 29 September 2018 £m	Audited 52 weeks ended 30 March 2019 £m
Tax on profit on ordinary activities				
Current income tax:				
Corporation tax	2.3	2.3	3.2	5.6
Amounts over provided in previous years	–	–	–	0.1
Total current income tax	2.3	2.3	3.2	5.7
Deferred tax:				
Origination and reversal of temporary differences	0.1	0.7	–	(0.7)
Amounts over provided in previous years	–	–	–	0.2
Total deferred tax	0.1	0.7	–	(0.5)
Total tax charged in the Income Statement	2.4	3.0	3.2	5.2
Tax relating to items charged to the Statement of Comprehensive Income				
Deferred tax:				
Tax charge on valuation gains of financial assets and liabilities	–	–	0.1	–
Tax charge/(credit) on actuarial gains on pension scheme	0.2	0.2	1.6	(0.8)
Tax charge/(credit) included in the Statement of Comprehensive Income	0.2	0.2	1.7	(0.8)
Tax relating to items charged/(credited) directly to equity				
Deferred tax:				
Increase in deferred tax liability due to indexation	–	–	0.1	0.1
Share-based payments	0.1	0.1	–	(0.1)
Tax charge included in the Statement of Changes in Equity	0.1	0.1	0.1	–

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

6. Earnings Per Share

Continuing operations	Post IFRS 16 Unaudited 26 weeks ended 28 September 2019 £m	Pre IFRS 16 Unaudited 26 weeks ended 28 September 2019 £m	Unaudited 26 weeks ended 29 September 2018 £m	Audited 52 weeks ended 30 March 2019 £m
Profit attributable to equity shareholders	8.7	11.7	11.9	17.8
Separately disclosed items net of tax	5.2	2.7	2.3	8.8
Adjusted earnings attributable to equity shareholders	13.9	14.4	14.2	26.6

	Number	Number	Number	Number
Weighted average share capital	55,015,000	55,015,000	54,976,000	54,957,000
Dilutive outstanding options and share awards	681,000	681,000	207,000	389,000
Diluted weighted average share capital	55,696,000	55,696,000	55,183,000	55,346,000

40p 'A' and 'C' ordinary share	Pence	Pence	Pence	Pence
Basic earnings per share	15.81	21.27	21.65	32.39
Diluted earnings per share	15.62	21.01	21.56	32.16
Adjusted earnings per share	25.27	26.17	25.83	48.40
Diluted adjusted earnings per share	24.96	25.85	25.73	48.06

4p 'B' ordinary share	Pence	Pence	Pence	Pence
Basic earnings per share	1.58	2.13	2.17	3.24
Diluted earnings per share	1.56	2.10	2.16	3.22
Adjusted earnings per share	2.53	2.62	2.58	4.84
Diluted adjusted earnings per share	2.50	2.59	2.57	4.81

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 1,969,717 (29 September 2018: 2,008,293, 30 March 2019: 2,027,034).

Diluted earnings per share is 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 is calculated on profit before tax excluding separately disclosed items and on the same weighted average ordinary share capital as for the basic and diluted earnings per share. An adjusted earnings per share measure has been included as the Directors consider that this measure better reflects the underlying earnings of the Group.

7. Dividends

	Unaudited 26 weeks ended 28 September 2019 £m	Unaudited 26 weeks ended 29 September 2018 £m	Audited 52 weeks ended 30 March 2019 £m
Declared and paid during the period			
Final dividend paid in period	2.4	6.6	6.6
First interim paid in period	–	–	4.3
Second interim paid in period	4.4	–	–
Equity dividends paid	6.8	6.6	10.9
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			
Interim	7.80	7.80	7.80
Second interim	–	–	8.00
Final	–	–	4.35
	7.80	7.80	20.15

	£m	£m	£m
Declared and paid after the period			
'D' Share single dividend	69.4	–	–

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 ownership 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.

As indicated in the circular published on 28 March 2019 relating to the disposal of the Fuller's Beer Business, the Board made an additional cash return of £1.25 per 'A' and 'C' ordinary share and 12.5p per 'B' ordinary share through a 'D' share scheme. Each ordinary shareholder as at the record date was issued with ten 'D' shares for every existing 'A' and 'C' ordinary share and one 'D' share for every one 'B' ordinary share held at the time. Numis (acting as principal, and not as agent, nominee or trustee for the Company) made an offer to purchase the 'D' shares for an amount of 12.5p per 'D' share (free of all expenses and commissions). The Company accepted the offer on behalf of shareholders and paid a single dividend to Numis as holder of all the 'D' shares of £69.4 million representing the sum of 12.5p per 'D' share plus the stamp duty payable by Numis in connection with the purchase of all the 'D' shares in issue.

Following the approval of all the resolutions presented to the Company's Extraordinary General Meeting on 1 October 2019, 552,030,154 'D' shares of 0.1p each were allotted and issued to shareholders on 2 October 2019 on the basis of ten 'D' shares for every existing 'A' and 'C' ordinary share of 40p each and one 'D' share for every existing 'B' ordinary share of 4p each held at the record date. Following the purchase by Numis of all of the 'D' shares, and payment by the Company of a single dividend to Numis of £69.4 million as holder of all of the 'D' shares on 7 October 2019, the 'D' shares were reclassified as deferred shares of 0.1p and were immediately repurchased and cancelled by the Company on 8 October 2019.

7. Dividends continued

The Directors have declared an interim dividend of 7.80p (2018: 7.80p) for the 40p 'A' ordinary shares and 40p 'C' ordinary shares, and 0.780p (2018: 0.780p) for the 4p 'B' ordinary shares, with a total estimated cost to the Company of £4.3 million (2018: £4.3 million).

8. Property, Plant and Equipment

	Unaudited 26 weeks ended 28 September 2019 £m	Unaudited 26 weeks ended 29 September 2018 £m	Audited 52 weeks ended 30 March 2019 £m
Net book value at start of period	552.7	564.1	564.1
Additions	13.0	16.6	33.9
Acquisitions	3.7	20.6	20.6
Disposals	–	(0.1)	(3.0)
Impairment loss net of reversals	(0.4)	–	(1.2)
Derecognition of assets	–	–	(1.0)
Depreciation provided during the period – continuing operations	(9.3)	(9.3)	(18.5)
Depreciation provided during the period – discontinued operations	–	(1.5)	(3.3)
Transfers to asset held for sale	–	–	(38.9)
Net book value at end of period	559.7	590.4	552.7

During the 26 weeks ended 28 September 2019, the Group recognised a charge of £0.4 million (29 September 2018: £1.6 million, 30 March 2019: £3.0 million) in respect of the write down in value of one site to its recoverable value. There were no reversals of impairment during the 26 weeks ended 28 September 2019 (29 September 2018: 1.6 million, 30 March 2018: £1.8 million).

9. Right-of-Use Assets

	Unaudited 26 weeks ended 28 September 2019 £m
Net book value at start of the period	–
Change in accounting policy (note 13)	94.6
Additions	0.3
Disposals	(0.6)
Impairment loss	(3.1)
Depreciation provided during the period	(4.5)
Net book value at end of period	86.7

During the 26 weeks ended 28 September 2019, the Group recognised a charge of £3.1 million (29 September 2018: £nil, 30 March 2019: £nil) in respect of the write down in value of three right-of-use assets to reflect current trading conditions (refer to note 3).

10. Analysis of Net Debt

Unaudited – 26 weeks ended 28 September 2019	Post IFRS 16 At 30 March 2019 £m	Cash flows £m	Non cash[1] £m	At 28 September 2019 £m
Cash and cash equivalents:				
Cash and short-term deposits	11.0	33.2	–	**44.2**
	11.0	33.2	–	**44.2**
Financial liabilities				
Lease liabilities within current liabilities	–	–	(8.4)	**(8.4)**
Lease liabilities within non-current liabilities	–	–	(87.4)	**(87.4)**
	–	–	(95.8)	**(95.8)**
Debt:				
Bank loans[2]	(228.5)	188.9	(0.1)	**(39.7)**
Other loans	(0.2)	0.2	–	**–**
Debenture stock	(25.9)	–	–	**(25.9)**
Preference shares	(1.6)	–	–	**(1.6)**
Total borrowings	(256.2)	189.1	(0.1)	**(67.2)**
Net debt	(245.2)	222.3	(95.9)	**(118.8)**

Unaudited – 26 weeks ended 28 September 2019	Pre IFRS 16 At 30 March 2019 £m	Cash flows £m	Non cash[1] £m	At 28 September 2019 £m
Cash and cash equivalents:				
Cash and short-term deposits	11.0	33.2	–	**44.2**
	11.0	33.2	–	**44.2**
Debt:				
Bank loans[2]	(228.5)	188.9	(0.1)	**(39.7)**
Other loans	(0.2)	0.2	–	**–**
Debenture stock	(25.9)	–	–	**(25.9)**
Preference shares	(1.6)	–	–	**(1.6)**
Total borrowings	(256.2)	189.1	(0.1)	**(67.2)**
Net debt	(245.2)	222.3	(0.1)	**(23.0)**

1 Non-cash movements relate to the amortisation of arrangement fees, arrangement fees accrued, movements in lease liabilities and corporate acquisitions.

2 Bank loans net of arrangement fees.

10. Analysis of Net Debt continued

Unaudited – 26 weeks ended 29 September 2018	At 31 March 2018 £m	Cash flows £m	Non cash[1] £m	At 29 September 2018 £m
Cash and cash equivalents:				
Cash and short-term deposits	11.7	10.3	–	22.0
	11.7	10.3	–	22.0
Debt:				
Bank loans[2]	(185.9)	(31.5)	–	(217.4)
Other loans	(0.2)	–	–	(0.2)
Debenture stock	(25.9)	–	–	(25.9)
Preference shares	(1.6)	–	–	(1.6)
Total borrowings	(213.6)	(31.5)	–	(245.1)
Net debt	(201.9)	(21.2)	–	(223.1)

Audited – 52 weeks ended 30 March 2019	At 31 March 2018 £m	Cash flows £m	Non cash[1] £m	At 30 March 2019 £m
Cash and cash equivalents:				
Cash and short-term deposits	11.7	(0.7)	–	11.0
	11.7	(0.7)	–	11.0
Debt:				
Bank loans[2]	(185.9)	(42.3)	(0.3)	(228.5)
Other loans	(0.2)	–	–	(0.2)
Debenture stock	(25.9)	–	–	(25.9)
Preference shares	(1.6)	–	–	(1.6)
Total borrowings	(213.6)	(42.3)	(0.3)	(256.2)
Net debt	(201.9)	(43.0)	(0.3)	(245.2)

1 Non-cash movements relate to the amortisation of arrangement fees, arrangement fees accrued and corporate acquisitions.
2 Bank loans net of arrangement fees.

11. Retirement Benefit Obligations

The amount included in the Balance Sheet arising from the Group's obligations in respect of its defined benefit retirement plan	Unaudited At 28 September 2019 £m	Unaudited At 29 September 2018 £m	Audited At 30 March 2019 £m
Fair value of Scheme assets	118.4	113.4	111.9
Present value of Scheme liabilities	(152.8)	(135.9)	(148.3)
Deficit in the Scheme	(34.4)	(22.5)	(36.4)

Key financial assumptions used in the valuation of the Scheme			
Rate of increase in pensions in payment	3.25%	3.25%	3.30%
Discount rate	1.80%	2.85%	2.40%
Inflation assumption – RPI	3.25%	3.25%	3.35%
Inflation assumption – CPI	2.25%	2.25%	2.35%

Mortality Assumptions

The mortality assumptions used in the valuation of the Scheme as at 28 September 2019 are as set out in the financial statements for the 52 weeks ended 30 March 2019.

Assets in the Scheme	At 28 September 2019 £m	At 29 September 2018 £m	At 30 March 2019 £m
Corporate bonds	29.8	21.1	27.4
UK equities	22.7	25.6	21.3
Overseas equities	24.4	28.0	22.3
Alternatives	36.4	33.9	36.5
Cash	1.1	1.4	0.8
Annuities	4.0	3.4	3.6
Total market value of assets	118.4	113.4	111.9

Movement in deficit during period	Unaudited At 28 September 2019 £m	Unaudited At 29 September 2018 £m	Audited At 30 March 2019 £m
Deficit in Scheme at beginning of the period	(36.4)	(32.5)	(32.5)
Movement in period:			
Net interest cost	(0.4)	(0.4)	(0.8)
Net actuarial gains/(losses)	1.3	9.3	(5.0)
Contributions	1.1	1.1	2.2
GMP equalisation	–	–	(0.3)
Deficit in Scheme at end of the period	(34.4)	(22.5)	(36.4)

On 1 January 2015 the plan was closed to future accruals.

On 7 October 2019 the Group made a contribution of £24 million to the pension fund which is not reflected in the deficit of the Scheme at 28 September 2019.

12. Business Combinations

During the 26 weeks ended 28 September 2019, the Company acquired one pub for £3.7 million. This was treated as a business combination as it was operating as a business at the point the Company acquired it.

During the 52 weeks ended 30 March 2019, the Company acquired 100% of the shares of Bel & The Dragon for total consideration of £18.9 million, a business incorporated in the UK and consisting of six premium pubs. A further four pubs were purchased for £3.3 million and treated as a business combination as they were operating as a business at the point the Company acquired them. The Company also acquired the remaining 24% of the shares in The Stable Pizza & Cider Limited for £1.7 million during the 52 weeks ended 30 March 2019.

13. Change in Accounting Policies

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements, and discloses the new accounting policies that have been applied from 31 March 2019.

The Group has adopted IFRS 16 using the modified retrospective approach from 31 March 2019 and has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening Balance Sheet on 31 March 2019.

(a) Adjustments Recognised on Adoption of IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 31 March 2019. The incremental borrowing rate applied to the lease liabilities on 31 March 2019 was 2.1-2.9% depending on the remaining length of the lease.

	£m
Operating lease commitments disclosed at 30 March 2019	109.7
Less: Lease commitments removed due to disposal of Fuller's Beer Business	(0.4)
Less: Short-term leases recognised on a straight-line basis as expense	(0.1)
Less: Low value leases recognised on a straight-line basis as expense	(1.2)
Gross IFRS 16 liabilities recognised at 30 March 2019	108.0
Discounted using the lessee's incremental borrowing rate at the date of initial application	100.4

Lease liability recognised as at 31 March 2019	
Current lease liabilities	8.4
Non-current lease liabilities	87.4
	95.8

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Balance Sheet as at 30 March 2019. Onerous lease provisions of £2.4 million at 30 March 2019 have been offset against the right-of-use asset at the date of initial application.

13. Change in Accounting Policies continued

The recognised right-of-use assets relate to the following types of asset:

	At 28 September 2019 £m	At 31 March 2019 £m
Properties	**85.1**	92.7
Equipment	**0.9**	1.2
Motor vehicles	**0.7**	0.7
	86.7	94.6

The change in accounting policy affected the following items in the Balance Sheet on 31 March 2019:

- Right-of-use assets – increase by £94.6 million
- Other receivables – increase by £3.4 million
- Lease liabilities – increase by £100.4 million
- Provisions – reduction by £2.4 million.

There is no impact on retained earnings at 31 March 2019.

i. Practical Expedients Applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments of whether leases are onerous
- The accounting for operating leases, with a remaining lease term of less than 12 months as at 31 March 2019, as short-term leases.

(b) The Group's Leasing Activities and How These are Accounted For

The Group leases various properties, equipment and cars. Rental contracts are typically made for fixed periods and may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 31 March 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

13. Change in Accounting Policies continued

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted by the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs
- Any previously recognised onerous lease provisions
- Restoration costs.

Payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low value assets comprise vehicle leases and peppercorn leases.

i. Extension and Termination Options

Extension and termination options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

14. Discontinued operations

On 27 April 2019, the Group sold to Asahi Europe Ltd ("AEL") the entire issued share capital of four legal entities: The Fuller's Beer Company Limited, Cornish Orchards Limited, The Dark Star Brewing Company Limited and Nectar Imports Limited for an enterprise value of £250.0 million. Prior to the disposal at the end of March 2019, certain assets and liabilities were transferred from The Fuller's Beer Company (a segment of Fuller, Smith & Turner P.L.C.) to the newly incorporated legal entity, The Fuller's Beer Company Limited, which was created for this purpose.

The business sold comprised the entirety of Fuller's beer, cider and soft drinks brewing and production, wine wholesaling, as well as the distribution thereof, and also includes the Griffin Brewery, Cornish Orchards, Dark Star Brewing and Nectar Imports (referred to as the "Fuller's Beer Business"). Accordingly they have been reported as discontinued operations in the half year report for the 26 weeks ended 28 September 2019.

14. Discontinued operations continued

(a) Financial Performance and Cash Flow

The financial performance and cash flow information presented reflects the operations for the one month ended 27 April 2019.

	Unaudited 26 weeks ended 28 September 2019	Unaudited 26 weeks ended 29 September 2018	Audited 52 weeks ended 30 March 2019
Revenue			
Segment revenue	13.1	84.6	161.4
Inter-segment sales	(4.1)	(27.5)	(55.0)
Revenue from third parties	9.0	57.1	106.4
Segment result	0.6	5.7	10.1
Operating separately disclosed items	–	–	(1.6)
Operating profit	0.6	5.7	8.5
Net finance costs	–	–	–
Profit from operating activities – discontinued operations	0.6	5.7	8.5
Net gain on sale of discontinued operations	164.5	–	(5.4)
Profit before tax – discontinued operations	165.1	5.7	3.1
Taxation	(0.1)	(1.1)	(1.4)
Analysed as:			
Underlying trading	(0.1)	(1.1)	(2.0)
Separately disclosed items	–	–	0.6
Profit for the period – discontinued operations	165.0	4.6	1.7
Attributable to:			
Equity shareholders of the Parent Company	165.0	4.4	1.5
Non-controlling interests	–	0.2	0.2
Net cash inflow from ordinary activities	0.6	9.0	0.3
Net cash inflow/(outflow) from investing activities	230.9	(4.3)	(4.2)
Net increase in cash generated by The Fuller's Beer Company	231.5	4.7	(3.9)
Other segment information			
Capital expenditure: property, plant and equipment	–	4.3	4.2
Business combinations	–	2.0	2.0
Depreciation and amortisation	–	1.6	3.6

14. Discontinued operations continued

	Unaudited 26 weeks ended 28 September 2019	Unaudited 26 weeks ended 29 September 2018	Audited 52 weeks ended 30 March 2019
Earnings per share – discontinued operations			
40p 'A' and 'C' ordinary share			
Basic earnings per share	**299.92**	8.00	2.73
Diluted earnings per share	**296.25**	7.97	2.71
Adjusted earnings per share	**0.91**	8.00	14.37
Diluted adjusted earnings per share	**0.90**	7.97	14.27
4p 'B' ordinary share			
Basic earnings per share	**29.99**	0.80	0.27
Diluted earnings per share	**29.63**	0.80	0.27
Adjusted earnings per share	**0.09**	0.80	1.44
Diluted adjusted earnings per share	**0.09**	0.80	1.43

(b) Details of the Sale of the Subsidiary

	Unaudited 26 weeks ended 28 September 2019
Consideration received	
Cash	**230.9**
Carrying amount of net assets sold	**(47.3)**
Goodwill	**(11.7)**
Provisional gain on disposal	**171.9**
Transaction costs	**(7.4)**
Gain net of transaction costs	**164.5**
Income tax expense on gain	**–**
Gain on sale after income tax	**164.5**

No tax has been provided as the disposal qualifies for substantial shareholder exemption.

15. Post Balance Sheet Events

As indicated in the circular published on 28 March 2019 relating to the disposal of the Fuller's Beer Business, the Board made an additional cash return of £1.25 per 'A' and 'C' ordinary share and 12.5p per 'B' ordinary share through a 'D' share scheme. Each ordinary shareholder as at the record date was issued with ten 'D' shares for every existing 'A' and 'C' ordinary share and one 'D' share for every one 'B' ordinary share held at the time. Numis (acting as principal, and not as agent, nominee or trustee for the Company) made an offer to purchase the 'D' shares for an amount of 12.5p per 'D' share (free of all expenses and commissions).

The Company accepted the offer on behalf of shareholders and paid a single dividend to Numis as holder of all the 'D' shares of £69.4 million representing the sum of 12.5p per 'D' share plus the stamp duty payable by Numis in connection with the purchase of all the 'D' shares in issue.

Following the approval of all the resolutions presented to the Company's Extraordinary General Meeting on 1 October 2019, 552,030,154 'D' shares of 0.1p each were allotted and issued to shareholders on 2 October

2019 on the basis of ten 'D' shares for every existing 'A' and 'C' ordinary share of 40p each and one 'D' share for every existing 'B' ordinary share of 4p each held at the record date. Following the purchase by Numis of all of the 'D' shares, and payment by the Company of a single dividend to Numis of £69.4 million as holder of all of the 'D' shares on 7 October 2019, the 'D' shares were reclassified as deferred shares of 0.1p and were immediately repurchased and cancelled by the Company on 8 October 2019.

On 7 October 2019, the Group made a contribution of £24 million to the defined benefit pension fund which is not reflected in the deficit in scheme at 28 September 2019.

On 23 October 2019, the Group acquired all of the issued shares in Cotswold Inns & Hotels, a business incorporated in the UK consisting of seven premium hotels and two pubs, for an enterprise value of £40 million.

16. Principal Risks and Uncertainties

In the course of normal business, the Group continually assesses and takes action to mitigate the various risks encountered that could impact the achievement of its objectives. Systems and processes are in place to enable the Board to monitor and control the Group's management of risk, which are detailed in the Corporate Governance Report of the Annual Report and Financial Statements 2019. The principal risks and uncertainties and their associated mitigating and monitoring controls which may affect the Group's performance in the next six months are consistent with those detailed on pages 24 and 25 of the Annual Report and Financial Statements 2019, and are available on the Fuller's website, www.fullers.co.uk.

The Group continues to face challenges in the light of the political and economic uncertainty as Brexit negotiations progress. The exact nature and process of the UK's exit from the EU are unknown, especially in light of the General Election on 12 December 2019, but are expected to impact freedom of movement of EU nationals; cause fluctuations in foreign exchange rates; lead to changes to input prices and interest rates; and precipitate a slowdown in the UK economy, all of which may impact the Group. The Group continues to plan for the potential outcomes of the UK's exit from the EU in order to limit any negative impacts on the Group's operations and financial performance.

17. Shareholders' Information

Shareholders holding 40p 'C' ordinary shares are reminded that they have 30 days from 12 December 2019 should they wish to convert those 'C' shares to 'A' shares. The next available opportunity after that will be June 2020. For further details, please contact the Company's registrars, Computershare, on 0870 889 4096.

18. Statement of Directors' Responsibilities

The Directors confirm, to the best of their knowledge, that this condensed set of financial statements gives a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer or the undertakings included in the consolidation as a whole and has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the European Union. 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 the inside back cover.

By order of the Board

Michael Turner
Chairman
11 December 2019

Adam Councell
Finance Director

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF FULLER, SMITH & TURNER P.L.C.

Introduction

We have reviewed the condensed set of financial statements in the half-yearly financial report of Fuller, Smith & Turner P.L.C. (the 'company') for the twenty six weeks ended 28 September 2019 which comprises the Condensed Group Income Statement, Condensed Group Statement of Comprehensive Income, Condensed Group Balance Sheet, Condensed Group Statement of Changes in Equity, Condensed Group Cash Flow Statement and the related explanatory notes. We have read the other information contained in the half-yearly financial report which comprises only the Chairman's Statement and Chief Executive's Review and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

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

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

Our responsibility

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

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the twenty six weeks ended 28 September 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

This report is made solely to the company, as a body, in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company as a body, for our review work, for this report, or for the conclusion we have formed.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
11 December 2019

DIRECTORS AND ADVISORS

as at 11 December 2019

Directors

Michael Turner, FCA, *Chairman**

Simon Emeny, *Chief Executive*

Adam Councell, ACMA

Richard Fuller

Fred Turner, ACA

Sir James Fuller, Bt*

Juliette Stacey, ACA*

Helen Jones*

* *Non-Executive.*

President

Anthony Fuller, CBE

Secretary and Registered Office

Séverine Béquin
Griffin Brewery
Chiswick Lane South
London W4 2QB

Telephone: +44 (0)20 8996 2000

Registered Number: 241882

Auditors

Grant Thornton UK LLP
30 Finsbury Square
London EC2A 1AG

Stockbrokers

Numis Securities Limited
10 Paternoster Square
London EC4M 7LT

Registrars

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

Tel: 0870 889 4096

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

luminous

Design and production
www.luminous.co.uk

Fuller, Smith & Turner P.L.C.
Registered Office
Griffin Brewery
Chiswick Lane South
London W4 2QB
Registered number 241882
Telephone: +44 (0)20 8996 2000
Email: fullers@fullers.co.uk

www.fullers.co.uk