14th May 2015

MARSTON'S PLC

INTERIM RESULTS FOR THE 26 WEEKS ENDED 4 APRIL 2015

REVENUE AND EARNINGS GROWTH SUPPORT INCREASE IN DIVIDEND

FINANCIAL HIGHLIGHTS

- Underlying Group revenue up 3% to £384.5 million
- Underlying profit before tax up 2% to £29.6 million, despite disposals and anticipated pension costs
- Underlying earnings per share up 2% to 4.2 pence per share
- Interim dividend up 4% to 2.5 pence per share
- Estate valuation reveals £54 million increase - 40% increase on build cost for new-builds

OPERATING HIGHLIGHTS

- Destination and Premium: Like-for-like (lfl) sales up 1.5%, underlying operating profit up 10%, operating margin up 0.5%
- Taverns managed and franchised: Lfl sales up 1.4%, profit per pub up 19%
- Leased: Profit per pub up 4%
- Brewing: Underlying revenue up 9%, ale volume up 4%, underlying operating profit up 10%, operating margin up 0.1%

STRATEGY HIGHLIGHTS

- **New-build development:** Completed 8 new-builds in the half year
- **Franchise expansion:** 37 pubs converted to franchise; now 520 pubs
- **Disposal of smaller wet-led pubs:** Disposal proceeds of £26 million, including sale of 65 pubs, improving average estate quality and returns
- **Brewing:** Acquisition of Thwaites' brewing operations completed in April 2015

CURRENT TRADING – 5 WEEKS TO 9 MAY

- Managed lfl sales up 2.0% including lfl food sales up 1.8% and lfl wet sales up 1.7%
- Taverns lfl sales up 2.8%
- Leased profits and own-brewed volumes in line with expectations

Commenting, Ralph Findlay, Chief Executive, said:
"Two years ago, we set out our plan to reposition our pub estate, focusing on high-quality pubs with opportunity for further growth. As we approach the end of the transition period, these results demonstrate our plan is working.

Profits have increased in each of our trading segments, excluding the impact of disposals, and we remain on track to complete 25 new-builds this year with excellent visibility on our site pipeline in 2015 and 2016. We are also seeing good opportunities to expand our premium estate, Pitcher & Piano and Revere, and invest further in pubs with accommodation.

We expect to complete the majority of our disposals programme this year and our momentum gives us confidence of achieving further progress in the future."

ENQUIRIES:

Marston's PLC Tel: 01902 329516
Ralph Findlay, Chief Executive Officer
Andrew Andrea, Chief Financial Officer

Instinctif Partners Tel: 020 7457 2020
Justine Warren
Matthew Smallwood

An audio webcast of the results presentation will be available at
http://webcast.instinctif.tv/p/886-1178-15750 on Thursday, 14th May.

NOTES TO EDITORS

- Marston's is a leading pub operator and independent brewer.
- It has an estate of around 1,630 pubs situated nationally, comprising managed, franchised and leased pubs.
- It is the UK's leading brewer of premium cask and bottled ales, including Marston's Pedigree and Hobgoblin. The beer portfolio also includes Banks's, Jennings, Wychwood, Ringwood, Brakspear and Mansfield beers.
- Marston's employs around 13,000 people.
- The underlying results reflect the performance of the Group before exceptional and other adjusting items. The Directors consider that these figures provide a useful indication of the underlying performance of the Group.
- The statutory loss for the period after taxation was £23.8 million. This reflects non-underlying items of £47.6 million, the majority of which are non-cash and relate to the external estate valuation and the impact of changing discount rates used for valuing swaps and the onerous lease provision.

GROUP OVERVIEW

We are pleased to report interim results which are in line with our expectations and demonstrate encouraging progress in implementing our strategy. Each of our trading segments achieved underlying revenue and profit growth excluding the impact of disposals.

Total underlying revenue of £384.5 million increased by 2.7% (2014: £374.3 million) reflecting the contribution from new pub-restaurants, solid like-for-like sales growth, and growth in Brewing, over and above the impact of disposals.

Underlying operating profit increased by 1% to £66.5 million (2014: £65.7 million) despite a disposal impact of around £3 million and a £2 million accounting increase in pension costs. Underlying profit per pub improved in all of our pub segments and we achieved profit growth of 10.3% in Brewing. Underlying operating margin reduced slightly to 17.3% (2014: 17.6%).

Underlying profit before tax increased by 2% to £29.6 million (2014: £29.0 million). Basic underlying earnings per share increased by 2% to 4.2 pence per share (2014: 4.1 pence per share).

During the period we disposed of 65 pubs and other assets generating proceeds of £26 million. Net debt increased by £47 million reflecting our seasonal earnings profile, the payment of the 2014 final dividend (£25 million), and capital investment of £71 million. Net debt at the period end comprised £1,043 million of predominantly long-term secured debt and £202 million relating to lease financing which retains the benefit of freehold ownership.

These results also reflect the adoption of a full external valuation of our property estate at £2 billion. The overall effect is a net increase in property values of £54 million. Properties valued in the previous 2012 valuation were valued 2% higher in 2015 than in 2012. Additionally, our previously unvalued new-build pub-restaurants increased in value by £69 million – a 40% increase relative to build cost – demonstrating the significant shareholder value generated from our capital investment. The valuation of smaller, wet-led pubs contributed to a non-cash accounting charge to the income statement, described below within 'non-underlying items'.

Since the period end we have completed the acquisition of the trading operations of Thwaites' beer division, including the Lancaster Bomber and Wainwright brands, for a total cash consideration of £25.1 million before working capital. The acquisition is consistent with our strategy to focus on popular premium ale brands and provides further opportunities for growth in the developing free trade market.

Strategy

Ours is a strategy for growth. We aim to achieve growth in pubs through investment in attractive new-build pubs, and in our core estate through our managers, franchisees and lessees offering memorable service to customers. In Brewing, our focus is on local and premium draught and bottled beers in a market where there is increasing demand.

Investment in new-builds for growth and quality; disposals increase profit per pub.

In 2015 we expect to open around 25 family-friendly pub-restaurants, including three lodges, representing the continuing development of our Destination and Premium estate which has benefited from the opening of over 100 such pubs in the last four years. These are large, high-turnover managed pubs generating high returns through a focus on family dining, reflected in a food sales mix of over 50%.

From 2016, around five lodge developments per year are anticipated. These represent an expansion of around 135 rooms per year to our existing total of 600 rooms in 34 Destination pubs. Additionally, we will continue to develop accommodation within our Revere estate which has around 130 rooms in 10 pubs.

Our investment in new-build pubs has contributed to the development of a high-quality, national pub estate and transformational growth in food sales to over 30 million meals each year. Over the last four years we have also sold 600 smaller pubs which offered limited opportunity for growth or development; we expect to realise around £60 million from the disposal of smaller wet-led pubs in the current financial year, mainly from the Taverns estate. In the future, disposals will be fewer as we reach our target estate configuration.

In subsequent years we expect a similar overall rate of growth, but with a broader allocation of investment, including two Revere or Pitcher & Piano openings each year dependent on site availability. In 2015 we expect two conversions to Revere from our existing estate. Our ability to invest and develop a range of operating formats and brands including family-friendly, value-for-money dining and more premium pubs and bars provides us with greater flexibility and opportunity when selecting new sites.

Property development is a vital component of our development plans. We have a good pipeline of sites which gives us confidence in achieving our future openings target, and we have been able to use our property expertise to acquire sites at attractive prices and maximise value from our existing predominantly freehold estate.

Innovation and management of quality, standards and service drive like-for-like growth.

Our plans for growth in our existing pub estate recognise that the wider eating-out and drinking-out markets are evolving, dynamic, competitive, and subject to regulatory influences. We have responded to consumer demands through innovative menu and service developments including Pizza Kitchens, Garden Grills, and ice-cream parlours, and through the introduction of new technologies to provide entertainment and better service to our customers.

We have led the market in new-build pub development in recent years, and we were also the first major pub operator to spot the need for new, more flexible business models in the community pub market in our Taverns estate. We pioneered franchise-style agreements in 2009 as a new model designed to improve customer experiences through investment, improved standards and offering outstanding value, and we now have around 520 franchised pubs in our Taverns business. These pubs operate very differently to traditional tenancies – specifically, they do not include either rent or a traditional beer tie - and allow our franchisees to continue to play vital roles at the heart of communities while benefiting from support similar to that provided in our managed pubs. We expect that such agreements will become the default operating model for most community pubs in future.

The increasingly competitive and fast-moving market will require us to continue to be innovative and responsive. We have set a target for 85% of our pub profits to be generated by agreements where we are in direct control of the retail offer – managed and franchised pubs – by 2016. We are currently at 76%.

We remain supportive of the leased model in high-quality distinctive pubs which benefit from entrepreneurial management and which are let to independent operators under long-term leases. Approximately 15% of our pub profits are generated by pubs under this model, generating average profits per pub of £70,000 and average rents per pub of £40,000.

We will continue to invest selectively where appropriate, and this year we expect to invest around £2 million in leased pubs.

A differentiated beer strategy delivering market outperformance.

In Brewing, our strategy is to focus on local, premium draught and bottled beers. Increasing consumer demand for choice, provenance and beers of taste has made us 'Number 1' in key markets: our market share in premium cask ale is 17%, and in bottled ale is 21%. We are uniquely positioned to benefit from these trends and we have achieved significant increases in market share of premium cask ale in the on-trade and bottled ale in the off-trade in recent years. We also target growth in the export market and through our innovative fast**cask**® technology.

Long-term debt financing of freehold assets.

Our securitisation structure covers 61% of our pub profits at a range of maturities to 2035, at fixed rates of interest. We have also put in place £202 million of low-cost, 35-40 year property leases with no covenant reporting requirement and options to retain freehold ownership representing a 'sector first'. This is an effective way to help finance our investment in new-build pub-restaurants. The £47 million of property leases completed in 2015 have an initial yield of 4.15%, demonstrating the attraction of our pub development programme to lenders. Our use of short-term bank facilities is relatively small, minimising near-term refinancing requirements. The majority of our debt is long-term, secured and fixed-rate with a stable debt service profile.

BUSINESS REVIEW

Destination and Premium – 380 pubs

Our 345 Destination pubs have a high food sales mix of 58% (2014: 57%) reflecting our continued focus on informal, family pub dining. Our 35 Premium pubs and bars include the branded Pitcher & Piano chain, and up-market pubs which have an independent feel focused on food, drink and accommodation ('Revere').

Total underlying revenue increased by 7.6% to £187.2 million including the contribution from 27 new pub-restaurants opened in 2014 and 8 in 2015.

Like-for-like sales were 1.5% ahead of last year including like-for-like food sales up by 1.4% and like-for-like wet sales growth of 1.4%. These rates of growth were ahead of the market outside London (as indicated by the Peach Tracker).

Average spend per head increased 5% to around £6.90 driven by increased sales of starters, desserts and coffee.

Premium pubs and bars continued to perform well. Pitcher & Piano benefited from recent refurbishments in four bars, and we opened two major Revere conversions (Newbury and Derby) in the period.

The continuing and increasing popularity of pub and lodge accommodation contributed to like-for-like room sales growth of 4.3%. In the first half year, we opened new lodges in Dunbar and in Balloch, Loch Lomond, and expect to open in Whitby in the second half year.

Overall, Destination and Premium underlying operating profit of £31.6 million was up 10.5% (2014: £28.6 million), with average profit per pub up 3%. Underlying operating margin increased by 0.5% reflecting sales growth and good cost management. We expect cost inflation to be relatively low for the remainder of 2015, with most significant costs managed using fixed price contracts.

Taverns – 909 pubs

Our Taverns pubs are high-quality community pubs operated through managed, franchised and tenanted business models. They focus on recruiting and retaining great licensees, with offers, entertainment and amenities tailored for local customers. They have a relatively high wet sales mix (77%), although the importance of food sales is increasing.

Currently, the Taverns estate comprises 113 community managed pubs, 520 franchised pubs, and 276 tenanted pubs. In the first half year we sold 65 pubs from the Taverns estate, and expect around 200 disposals for the full year. By the end of 2016 we expect to have converted the majority of our remaining tenanted pubs to the franchise model, resulting in a core portfolio of 800 high-quality community pubs operating principally under the franchise model.

Underlying revenue of £104.4 million (2014: £113.2 million) and underlying operating profit of £24.1 million (2014: £25.1 million) reflect the impact of disposals. Underlying revenue excluding disposals was up 3% reflecting like-for-like sales growth of 1.4% in our managed and franchised pubs, and the contribution of pubs converted to franchise-style agreements over the previous 18 months. Operating margin was 0.9% higher due to tighter cost control and the positive impact of disposing of low margin units.

The continued extension of franchise-style agreements and disposals have significantly improved the quality of the Taverns estate, with average profit per pub up 19% in the period.

Leased – 343 pubs

Our Leased estate includes high-quality distinctive pubs which benefit from a higher degree of independence and committed licensees. The leased model, with longer-term assignable agreements, attracts skilled entrepreneurs who build value through developing their own businesses in pubs which are increasingly targeting the pub-dining market.

Total underlying revenue of £25.1 million and underlying operating profit of £12.4 million were broadly in line with last year despite the impact of disposals. Average profit per pub increased by 4%.

In our Leased estate our primary objective is to help our business partners improve their offers to customers. We offer all lessees access to Marston's buying power and provide them with retail insight gained from our experiences in operating a national estate of managed and franchised pubs. We have a good pipeline of applicants to become partners with Marston's, and licensee stability remains high at over 90%. We offer a range of lease agreements, including free-of-tie options.

Brewing

Total underlying revenue increased by 9.4% to £67.8 million; underlying operating margin was 0.1% ahead of last year, and underlying operating profit increased 10.3% to £8.6 million.

Ale volumes were 4% ahead of last year, including growth of 9% in premium ale volumes. Hobgoblin, our largest brand, achieved sales growth of 11% in the period.

We maintained our market leading position in premium cask ale with a market share of 17%, and maintained our share of the bottled ale market at 21% through continued growth in the off-trade.

Our focus on premium, regional and high quality beers supported by great service underpins our brewing strategy: premium ale now accounts for 73% of our own-brewed volume. At the same time, we have innovated and introduced new beers – recent examples include the launch of Hobgoblin Gold, Marston's Pedigree New World Pale Ale, and a collaboration beer with Tesco and Help for Heroes to raise funds for the charity with each pint or bottle sold.

Our marketing campaigns for Marston's Pedigree and Hobgoblin were winners at the recent Beer Marketing Awards.

Current trading

The second half year has started well, with like-for-like sales growth in Destination and Premium pubs up 2.0% for the 5 weeks to 9 May and 1.6% for the year to date; in Taverns of 2.8% and 1.7% for the same periods respectively; and Leased profits in line with expectations. In Brewing, trading is in line with expectations, with Group ale volumes up 4% for the year to date.

Outlook and dividend

After an encouraging first half year, we expect to make further progress for the remainder of the year. Given underlying growth trends and our confidence for the year as a whole, we are pleased to declare an interim dividend of 2.5 pence per share representing a 4.2% increase on last year.

FINANCIAL REVIEW

Results for the 26 weeks to 4 April 2015

	Underlying revenue		**Underlying operating profit** *(see note 2)*		**Margin**	
	2015 £m	2014 £m	**2015 £m**	2014 £m	**2015 %**	2014 %
Destination and Premium	**187.2**	173.9	**31.6**	28.6	**16.9**	16.4
Taverns	**104.4**	113.2	**24.1**	25.1	**23.1**	22.2
Leased	**25.1**	25.2	**12.4**	12.5	**49.4**	49.6
Brewing	**67.8**	62.0	**8.6**	7.8	**12.7**	12.6
Group Services	**-**	-	**(10.2)**	(8.3)	**(2.7)**	(2.2)
Group	**384.5**	374.3	**66.5**	65.7	**17.3**	17.6

Underlying Group revenue was 2.7% up on last year, with improving trends in Destination and Premium pubs and Brewing. Underlying Group operating margin was 0.3% below last year due to the increased mix of profits from our franchised business only being partially offset by the higher margins in Destination and Premium pubs. Central costs were impacted by a previously anticipated £2 million increase in pension costs in the first half.

Underlying operating profit was £66.5 million and underlying earnings per share were 4.2 pence per share (2014: 4.1 pence per share).

The operating profit after non-underlying items was £18.0 million (2014: £9.9 million) and the basic loss per share after non-underlying items was 4.2 pence per share (2014: 8.3 pence per share).

Capital expenditure

Capital expenditure for the first half year was £70.9 million (2014: £72.2 million), reflecting continued investment in the new-build pub development programme and in the Franchised estate. We expect capital expenditure to be around £145 million for the year as a whole (2014: £142.6 million).

Disposals

Proceeds of £26.4 million have been received from the disposal of 65 pubs and other assets.

Financing

The Group has a long-term securitisation of approximately £0.9 billion and a £257.5 million bank facility to November 2018, the drawn position of which at 4 April 2015 was £235 million.

In 2015 the Group has entered into 40-year lease-financing arrangements of £47 million, bringing the total arrangements under this form of financing to £202.2 million as at 4 April 2015. This financing is a form of sale and leaseback agreement whereby the freehold reverts to the Group at the end of the term at nil cost, consistent with our preference for predominantly freehold asset tenure. The agreements range from 35 to 40 years and provide the Group with an extended debt maturity profile at attractive rates of interest. Unlike a traditional sale and leaseback, the associated liability is recognised as debt on the balance sheet due to the reversion of the freehold.

These facilities provide us with an appropriate level of financing headroom for the short and medium term, and with a structure that continues to provide operational flexibility. The Group has sufficient headroom on both the banking and securitisation covenants and has flexibility to transfer pubs between the two debt structures.

Net debt at 4 April 2015 was £1,245 million and excluding the lease financing described above was £1,043 million. The level of net debt tends to be higher at the half year reflecting the seasonal earnings profile of the business and the proportionately higher dividend.

Underlying interest charges of £36.9 million were broadly in line with last year.

Pensions

The deficit on our final salary pension scheme was £7.3 million which compares to the £7.8 million surplus at the year end. This is principally due to the movement in bond yields during the period.

Taxation

The underlying rate of taxation was 19.6% in 2015 compared to 20.0% in 2014. This is below the standard rate of corporation tax primarily due to credits in respect of deferred tax on property.

Non-underlying items

There is a net non-underlying charge of £47.6 million after tax. This primarily reflects the external estate valuation undertaken in the period, which resulted in a £39.0 million charge to the income statement and a net increase in the revaluation reserve of £92.4 million. In addition there is a charge of £1.6 million relating to non-core estate disposal and reorganisation costs, a £1.1 million loss in respect of the ongoing management of the pubs from the prior year portfolio disposal, a charge of £5.9 million in respect of the change in the inflation and discount rate assumptions used in calculating our onerous lease provisions, a charge of £0.9 million in respect of head office relocation and reorganisation costs and a loss of £8.6 million in respect of the mark-to-market movement in the fair value of certain interest rate swaps. These charges are offset by a credit of £9.5 million relating to the tax on non-underlying items.

Independent review report to Marston's PLC

Report on the interim financial information

Our conclusion
We have reviewed the interim financial information, defined below, in the Interim Report of Marston's PLC for the 26 weeks ended 4 April 2015. Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed
The interim financial information, which is prepared by Marston's PLC, comprises:

- the Group balance sheet as at 4 April 2015;
- the Group income statement and Group statement of comprehensive income for the period then ended;
- the Group cash flow statement for the period then ended;
- the Group statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial information.

As disclosed in note 1, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

The interim financial information included in the Interim Report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of interim financial information involves
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial information.

Responsibilities for the interim financial information and the review

Our responsibilities and those of the Directors

The Interim Report, including the interim financial information, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the Company a conclusion on the interim financial information in the Interim Report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
14 May 2015
Birmingham

Notes:

a) The maintenance and integrity of the Marston's PLC website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement of the Directors in respect of the Interim Report

The Directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- material related party transactions in the first six months of the financial year and any material changes in the related party transactions described in the last Annual Report and Accounts.

The Directors of Marston's PLC are listed in the Marston's PLC Annual Report and Accounts for 4 October 2014 with the exception of the following changes in the period: Catherine Glickman was appointed to the Board on 1 December 2014 and Rosalind Cuschieri retired from the Board on 27 January 2015. A list of current Directors is maintained on the Marston's PLC website: www.marstons.co.uk.

By order of the Board:

Ralph Findlay	Andrew Andrea
Chief Executive Officer	Chief Financial Officer
14 May 2015	14 May 2015

GROUP INCOME STATEMENT (UNAUDITED)

for the 26 weeks ended 4 April 2015

		26 weeks to 4 April 2015			26 weeks to 5 April 2014			52 weeks to 4 October 2014
	Note	Underlying items £m	Non-underlying items £m	Total £m	Underlying items £m	Non-underlying items £m	Total £m	Total £m
Revenue	2, 3	**384.5**	**16.0**	**400.5**	374.3	10.2	384.5	815.3
Operating expenses*		**(318.0)**	**(64.5)**	**(382.5)**	(308.6)	(66.0)	(374.6)	(766.2)
Operating profit	2, 3	**66.5**	**(48.5)**	**18.0**	65.7	(55.8)	9.9	49.1
Finance costs	4	**(37.1)**	**.-**	**(37.1)**	(36.8)	(27.0)	(63.8)	(100.4)
Finance income	4	**0.2**	**.-**	**0.2**	0.1	.-	0.1	0.3
Movement in fair value of interest rate swaps	4	**.-**	**(8.6)**	**(8.6)**	.-	(1.0)	(1.0)	(8.2)
Net finance costs	3, 4	**(36.9)**	**(8.6)**	**(45.5)**	(36.7)	(28.0)	(64.7)	(108.3)
Profit/(loss) before taxation		**29.6**	**(57.1)**	**(27.5)**	29.0	(83.8)	(54.8)	(59.2)
Taxation	3, 5	**(5.8)**	**9.5**	**3.7**	(5.8)	13.1	7.3	8.5
Profit/(loss) for the period attributable to equity shareholders		**23.8**	**(47.6)**	**(23.8)**	23.2	(70.7)	(47.5)	(50.7)
(Loss)/earnings per share:								
Basic loss per share	6			**(4.2)p**			(8.3)p	(8.9)p
Basic underlying earnings per share	6			**4.2p**			4.1p	11.7p
Diluted loss per share	6			**(4.2)p**			(8.3)p	(8.9)p
Diluted underlying earnings per share	6			**4.1p**			4.0p	11.6p

GROUP STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the 26 weeks ended 4 April 2015

	26 weeks to 4 April 2015 £m	26 weeks to 5 April 2014 £m	52 weeks to 4 October 2014 £m
Loss for the period	**(23.8)**	(47.5)	(50.7)
Items of other comprehensive income that may subsequently be reclassified to profit or loss			
Losses arising on cash flow hedges	**(56.4)**	(7.7)	(36.4)
Transfers to the income statement on cash flow hedges	**6.0**	33.5	39.0
Tax on items that may subsequently be reclassified to profit or loss	**10.1**	(5.2)	(0.5)
	(40.3)	20.6	2.1
Items of other comprehensive income that will not be reclassified to profit or loss			
Remeasurement of retirement benefits	**(22.2)**	(3.1)	(12.5)
Unrealised surplus on revaluation of properties*	**213.0**	.-	16.4
Reversal of past revaluation surplus*	**(120.6)**	(2.9)	(3.4)
Tax on items that will not be reclassified to profit or loss	**(13.3)**	1.8	0.8
	56.9	(4.2)	1.3
Other comprehensive income for the period	**16.6**	16.4	3.4
Total comprehensive expense for the period	**(7.2)**	(31.1)	(47.3)

* During the current period a revaluation of the Group's freehold and leasehold properties was undertaken, resulting in a net increase in property values of £53.8 million. An unrealised surplus on revaluation of £213.0 million and a reversal of past revaluation surplus of £120.6 million have been recognised in the revaluation reserve, and a net charge of £38.6 million has been recognised in the income statement. Further detail is provided in notes 3 and 7 to the interim financial information.

GROUP CASH FLOW STATEMENT (UNAUDITED)

for the 26 weeks ended 4 April 2015

	Note	**26 weeks to 4 April 2015 £m**	26 weeks to 5 April 2014 £m	52 weeks to 4 October 2014 £m
Operating activities				
Underlying operating profit		**66.5**	65.7	156.1
Depreciation and amortisation		**18.4**	18.3	36.3
Underlying EBITDA		**84.9**	84.0	192.4
Non-underlying operating items	3	**(48.5)**	(55.8)	(107.0)
EBITDA		**36.4**	28.2	85.4
Working capital movement		**(1.3)**	(17.1)	(23.7)
Non-cash movements		**36.7**	48.7	78.1
Increase/(decrease) in provisions and other non-current liabilities		**0.1**	(2.3)	22.8
Difference between defined benefit pension contributions paid and amounts charged/credited		**(7.1)**	(8.2)	(26.0)
Income tax paid		**(6.6)**	(3.4)	(8.8)
Net cash inflow from operating activities		**58.2**	45.9	127.8
Investing activities				
Interest received		**0.3**	0.2	0.5
Sale of property, plant and equipment and assets held for sale		**26.4**	115.7	143.6
Purchase of property, plant and equipment and intangible assets		**(70.9)**	(72.2)	(142.6)
Movement in other non-current assets		**0.5**	0.3	1.3
Net cash (outflow)/inflow from investing activities		**(43.7)**	44.0	2.8
Financing activities				
Equity dividends paid		**(24.6)**	(23.4)	(37.1)
Interest paid		**(36.0)**	(39.4)	(74.6)
Arrangement costs of bank facilities		**.-**	(1.5)	(1.9)
Arrangement costs of other lease related borrowings		**(2.9)**	(3.6)	(3.9)
Swap termination costs		**.-**	(25.0)	(25.0)
Proceeds of ordinary share capital issued		**.-**	0.1	0.2
Proceeds from sale of own shares		**0.1**	.-	0.5
Repayment of securitised debt		**(12.4)**	(91.7)	(104.0)
Advance of bank loans		**23.0**	14.0	21.0
Capital element of finance leases repaid		**.-**	.-	(0.1)
Advance of other lease related borrowings		**47.0**	49.9	53.5
Advance of other borrowings		**.-**	120.0	120.0
Net cash outflow from financing activities		**(5.8)**	(0.6)	(51.4)
Net increase in cash and cash equivalents	8	**8.7**	89.3	79.2

GROUP BALANCE SHEET (UNAUDITED)

as at 4 April 2015

	Note	**4 April 2015 £m**	5 April 2014 £m	4 October 2014 £m
ASSETS				
Non-current assets				
Goodwill		**224.2**	224.2	224.2
Other intangible assets		**24.7**	24.4	25.1
Property, plant and equipment	7	**2,083.5**	1,938.5	1,990.0
Deferred tax assets		**61.1**	41.3	49.1
Retirement benefit surplus		**.-**	.-	7.8
Other non-current assets		**11.0**	12.5	11.5
		2,404.5	2,240.9	2,307.7
Current assets				
Inventories		**23.7**	22.8	23.0
Trade and other receivables		**72.6**	71.6	72.9
Derivative financial instruments		**.-**	3.4	.-
Cash and cash equivalents*	8	**189.1**	215.4	180.9
		285.4	313.2	276.8
Assets held for sale		**27.1**	77.2	38.3
LIABILITIES				
Current liabilities				
Borrowings*	8	**(151.8)**	(175.3)	(151.6)
Derivative financial instruments		**(26.5)**	(20.2)	(19.5)
Trade and other payables		**(155.7)**	(160.7)	(157.0)
Current tax liabilities		**(10.1)**	(19.7)	(14.2)
		(344.1)	(375.9)	(342.3)
Non-current liabilities				
Borrowings	8	**(1,282.2)**	(1,229.6)	(1,227.5)
Derivative financial instruments		**(172.7)**	(93.0)	(120.7)
Retirement benefit obligations		**(7.3)**	(0.2)	.-
Deferred tax liabilities		**(140.2)**	(128.4)	(131.3)
Other non-current liabilities		**(2.4)**	(3.5)	(2.9)
Provisions for other liabilities and charges		**(40.5)**	(13.0)	(39.1)
		(1,645.3)	(1,467.7)	(1,521.5)
Net assets		**727.6**	787.7	759.0
Shareholders' equity				
Equity share capital		**44.4**	44.4	44.4
Share premium account		**334.0**	333.9	334.0
Revaluation reserve		**616.9**	536.4	545.9
Capital redemption reserve		**6.8**	6.8	6.8
Hedging reserve		**(133.2)**	(74.4)	(92.9)
Own shares		**(126.3)**	(130.9)	(126.8)
Retained earnings		**(15.0)**	71.5	47.6
Total equity		**727.6**	787.7	759.0

* During the prior period the provider of the securitisation's liquidity facility, the Royal Bank of Scotland Group plc, had its short-term credit rating downgraded below the minimum prescribed in the facility agreement and as such the Group exercised its entitlement to draw the full amount of the facility and hold it in a designated bank account. The amount drawn down of £120.0 million (at 4 October 2014: £120.0 million) is included within cash and cash equivalents and the corresponding liability is included within borrowings.

GROUP STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the 26 weeks ended 4 April 2015

	Equity share capital £m	Share premium account £m	Revaluation reserve £m	Capital redemption reserve £m	Hedging reserve £m	Own shares £m	Retained earnings £m	Total equity £m
At 5 October 2014	44.4	334.0	545.9	6.8	(92.9)	(126.8)	47.6	759.0
Loss for the period	.-	.-	.-	.-	.-	-	(23.8)	(23.8)
Remeasurement of retirement benefits	.-	.-	.-	.-	.-	-	(22.2)	(22.2)
Tax on remeasurement of retirement benefits	.-	.-	.-	.-	.-	-	4.4	4.4
Losses on cash flow hedges	.-	.-	.-	.-	(56.4)	-	.-	(56.4)
Transfers to the income statement on cash flow hedges	.-	.-	.-	.-	6.0	-	.-	6.0
Tax on hedging reserve movements	.-	.-	.-	.-	10.1	-	.-	10.1
Property revaluation	.-	.-	213.0	.-	.-	-	.-	213.0
Property impairment	.-	.-	(120.6)	.-	.-	-	.-	(120.6)
Deferred tax on properties	.-	.-	(17.7)	.-	.-	-	.-	(17.7)
Total comprehensive income/(expense)	.-	.-	74.7	.-	(40.3)	-	(41.6)	(7.2)
Share-based payments	.-	.-	.-	.-	.-	-	0.2	0.2
Tax on share-based payments	.-	.-	.-	.-	.-	-	0.1	0.1
Sale of own shares	.-	.-	.-	.-	.-	0.5	(0.4)	0.1
Disposal of properties	.-	.-	(4.0)	.-	.-	-	4.0	.-
Tax on disposal of properties	.-	.-	0.6	.-	.-	-	(0.6)	.-
Transfer to retained earnings	.-	.-	(0.3)	.-	.-	-	0.3	.-
Dividends paid	.-	.-	.-	.-	.-	-	(24.6)	(24.6)
Total transactions with owners	.-	.-	(3.7)	.-	.-	0.5	(21.0)	(24.2)
At 4 April 2015	**44.4**	**334.0**	**616.9**	**6.8**	**(133.2)**	**(126.3)**	**(15.0)**	**727.6**

for the 26 weeks ended 5 April 2014

	Equity share capital £m	Share premium account £m	Revaluation reserve £m	Capital redemption reserve £m	Hedging reserve £m	Own shares £m	Retained earnings £m	Total equity £m
At 6 October 2013	44.4	333.8	575.3	6.8	(95.0)	(130.9)	107.5	841.9
Loss for the period	.-	.-	.-	.-	.-	-	(47.5)	(47.5)
Remeasurement of retirement benefits	.-	.-	.-	.-	.-	-	(3.1)	(3.1)
Tax on remeasurement of retirement benefits	.-	.-	.-	.-	.-	-	0.7	0.7
Losses on cash flow hedges	.-	.-	.-	.-	(7.7)	-	.-	(7.7)
Transfers to the income statement on cash flow hedges	.-	.-	.-	.-	33.5	-	.-	33.5
Tax on hedging reserve movements	.-	.-	.-	.-	(5.2)	-	.-	(5.2)
Property impairment	.-	.-	(2.9)	.-	.-	-	.-	(2.9)
Deferred tax on properties	.-	.-	1.1	.-	.-	-	.-	1.1
Total comprehensive (expense)/income	.-	.-	(1.8)	.-	20.6	-	(49.9)	(31.1)
Share-based payments	.-	.-	.-	.-	.-	-	0.1	0.1
Tax on share-based payments	.-	.-	.-	.-	.-	-	0.1	0.1
Issue of shares	.-	0.1	.-	.-	.-	-	.-	0.1
Disposal of properties	.-	.-	(41.1)	.-	.-	-	41.1	.-
Tax on disposal of properties	.-	.-	4.0	.-	.-	-	(4.0)	.-
Dividends paid	.-	.-	.-	.-	.-	-	(23.4)	(23.4)
Total transactions with owners	.-	0.1	(37.1)	.-	.-	-	13.9	(23.1)
At 5 April 2014	**44.4**	**333.9**	**536.4**	**6.8**	**(74.4)**	**(130.9)**	**71.5**	**787.7**

NOTES

1 BASIS OF PREPARATION OF INTERIM FINANCIAL INFORMATION

This interim financial information has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. The same accounting policies, presentation and methods of computation are followed in the interim financial information as applied in the Group's audited financial statements for the 52 weeks ended 4 October 2014, with the exception of new standards and interpretations that were only applicable from the beginning of the current financial year, and a revised presentation of items within cash and cash equivalents.

The audited financial statements for the 52 weeks ended 4 October 2014 contain details of the new standards and interpretations now applicable to the Group. The adoption of these standards and interpretations has had no impact on the interim financial information.

Some of the prior period balances within cash and cash equivalents that were originally presented on a net basis in the balance sheet and the relevant notes have been represented on a gross basis to more accurately reflect the underlying transactions and to be consistent with the current period presentation.

The financial information for the 52 weeks ended 4 October 2014 is extracted from the audited accounts for that period, which have been delivered to the Registrar of Companies. The Auditors' report was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The interim financial information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The interim financial information for the 26 weeks ended 4 April 2015 and the comparatives to 5 April 2014 are unaudited, but have been reviewed by the Auditors.

The Group does not consider that any standards or interpretations issued by the International Accounting Standards Board, but not yet applicable, will have a significant impact on the financial statements for the 52 weeks ending 3 October 2015.

The Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing this interim financial information.

2 SEGMENT REPORTING

Underlying revenue by segment	4 April 2015 £m	5 April 2014 £m
Destination and Premium	**187.2**	173.9
Taverns	**104.4**	113.2
Leased	**25.1**	25.2
Brewing	**67.8**	62.0
Group Services	**.-**	.-
Underlying revenue	**384.5**	374.3
Non-underlying items	**16.0**	10.2
Revenue	**400.5**	384.5

Underlying operating profit by segment	4 April 2015 £m	5 April 2014 £m
Destination and Premium	**31.6**	28.6
Taverns	**24.1**	25.1
Leased	**12.4**	12.5
Brewing	**8.6**	7.8
Group Services	**(10.2)**	(8.3)
Underlying operating profit	**66.5**	65.7
Non-underlying operating items	**(48.5)**	(55.8)
Operating profit	**18.0**	9.9
Net finance costs	**(45.5)**	(64.7)
Loss before taxation	**(27.5)**	(54.8)

Underlying operating profit is a key measure of profitability used by the chief operating decision maker.

3 NON-UNDERLYING ITEMS

In order to illustrate the underlying trading performance of the Group, presentation has been made of performance measures excluding those items which it is considered would distort the comparability of the Group's results. These non-underlying items comprise exceptional items and other adjusting items.

Exceptional items are defined as those items that, by virtue of their nature, size or expected frequency, warrant separate additional disclosure in the financial statements in order to fully understand the underlying performance of the Group. As management of the freehold and leasehold property estate is an essential and significant area of the business, the threshold for classification of property related items as exceptional is higher than other items.

Other adjusting items comprise the revenue and expenses in respect of the ongoing management of the portfolio of 202 pubs disposed of in the prior period. Following their disposal these pubs no longer form part of the Group's core activities and the Group does not have the ability to make strategic decisions in respect of them. As such it is considered appropriate to exclude the results of these pubs from the Group's underlying results.

3 NON-UNDERLYING ITEMS (CONTINUED)

	4 April 2015 £m	5 April 2014 £m
Exceptional operating items		
Non-core estate disposal and reorganisation costs	**1.6**	18.8
Loss on portfolio disposal of pubs	**.-**	35.8
Impairment of freehold and leasehold properties	**39.0**	.-
Impact of change in rate assumptions used for onerous lease provisions	**5.9**	.-
Head office relocation and reorganisation costs	**0.9**	.-
	47.4	54.6
Other adjusting operating items		
Results in respect of the ongoing management of pubs in the portfolio disposal	**1.1**	1.2
	1.1	1.2
Non-underlying operating items	**48.5**	55.8
Exceptional non-operating items		
Interest on Rank refunds	**.-**	(0.2)
Buyback of securitised debt and associated costs	**.-**	27.2
Movement in fair value of interest rate swaps	**8.6**	1.0
	8.6	28.0
Total non-underlying items	**57.1**	83.8

Non-core estate disposal and reorganisation costs
During the period ended 5 October 2013 the Group restructured both its pub estate and its operating segments. Costs in respect of this restructuring were incurred in both the current and prior period. The prior period exceptional charge of £18.8 million included an amount of £8.8 million in respect of the impairment of non-core properties.

Portfolio disposal of pubs
During the prior period the Group disposed of a portfolio of 202 pubs and subsequently entered into a four year lease and five year management agreement in respect thereof. The loss on disposal was £35.8 million and revaluation surpluses of £37.5 million were transferred from the revaluation reserve to retained earnings upon disposal, giving a net impact of £1.7 million.

The Group no longer has strategic control of these pubs and they do not form part of its core activities. As such the results in respect of the ongoing operation and management of these pubs post disposal have been shown as a non-underlying item, which is comprised as follows:

	4 April 2015 £m	5 April 2014 £m
Revenue	**16.0**	10.2
Operating expenses	**(17.1)**	(11.4)
	(1.1)	(1.2)

Impairment of freehold and leasehold properties
At 1 February 2015 the Group's freehold and leasehold properties were revalued by independent chartered surveyors on an open market value basis. The resulting revaluation adjustments have been taken to the revaluation reserve or income statement as appropriate. The amount recognised in the income statement comprises:

	4 April 2015 £m
Impairment of other intangible assets	**0.1**
Reversal of impairment of other intangible assets	**(0.2)**
Impairment of property, plant and equipment	**60.1**
Reversal of impairment of property, plant and equipment	**(26.3)**
Impairment of assets held for sale	**5.0**
Reversal of impairment of assets held for sale	**(0.1)**
Valuation fees	**0.4**
	39.0

Impact of change in rate assumptions used for onerous lease provisions
Due to significant movements in gilt yields and inflation rates in the current period, the update of the discount and inflation rate assumptions used in the calculation of the Group's onerous property lease provisions at the current period end resulted in an increase of £5.9 million in the total provision.

Head office relocation and reorganisation costs
During the current period redevelopment of the Group's head office building in Wolverhampton commenced along with a reorganisation of certain head office functions. Costs of £0.9 million were incurred in respect of temporarily relocating to alternative premises nearby during the period of redevelopment and in undertaking the reorganisation.

Movement in fair value of interest rate swaps
The Group's interest rate swaps are revalued to fair value at each balance sheet date. The movement in fair value of interest rate swaps which are not designated as part of a hedge relationship, and the ineffective portion of the movement in fair value of interest rate swaps which are accounted for as hedging instruments, are both recognised in the income statement. The net loss of £8.6 million (2014: £1.0 million) is shown as an exceptional item. In addition to this, a loss of £50.4 million (2014: gain of £1.1 million) has been recognised in the hedging reserve, in relation to the effective portion of the movement in fair value of interest rate swaps which are accounted for as hedging instruments.

3 NON-UNDERLYING ITEMS (CONTINUED)

Impact of taxation
The current tax credit relating to the above non-underlying items amounts to £1.5 million (2014: £6.3 million). The deferred tax credit relating to the above non-underlying items amounts to £8.0 million (2014: £6.8 million).

Prior period non-underlying items
In previous periods the Group received refunds totalling £5.9 million from HM Revenue & Customs (HMRC). This followed Tribunal/Court of Appeal hearings involving The Rank Group Plc ('Rank'), which concluded that there had been a breach of fiscal neutrality in the treatment of gaming machine income as liable to UK VAT. HMRC issued protective assessments to recover the repayments pending the result of further Court hearings. On 30 October 2013 the Court of Appeal found in favour of HMRC and the Group subsequently repaid the refunds of £5.9 million plus interest of £0.3 million thereon. In the period ended 5 October 2013 the Group had recognised a provision for the £5.9 million repayment and interest of £0.5 million. As such there was a reduction in the interest accrual of £0.2 million in the prior period.

During the prior period the Group repurchased all of its securitised AB1 notes at par. The notes, with a nominal value of £80.0 million, were immediately cancelled and the associated floating-to-fixed interest rate swap held in respect of this tranche of securitised debt was terminated. This swap had been designated as a cash flow hedge of the forecast floating rate interest payments arising in respect of the AB1 notes. As these forecast transactions were no longer expected to occur the cumulative hedging loss of £24.7 million was recognised in the income statement.

4 FINANCE COSTS AND INCOME

	4 April 2015 £m	5 April 2014 £m
Finance costs		
Unsecured bank borrowings	**5.7**	6.0
Securitised debt	**24.7**	25.9
Finance leases	**0.5**	0.6
Other lease related borrowings	**5.1**	3.5
Net finance cost in respect of retirement benefits	**.-**	0.2
Other interest payable	**1.1**	0.6
	37.1	36.8
Exceptional finance costs		
Interest on Rank refunds	**.-**	(0.2)
Buyback of securitised debt and associated costs	**.-**	27.2
	.-	27.0
Total finance costs	**37.1**	63.8
Finance income		
Deposit and other interest receivable	**(0.2)**	(0.1)
Total finance income	**(0.2)**	(0.1)
Movement in fair value of interest rate swaps		
Gain on movement in fair value of interest rate swaps	**.-**	(3.4)
Loss on movement in fair value of interest rate swaps	**8.6**	4.4
	8.6	1.0
Net finance costs	**45.5**	64.7

5 TAXATION

The underlying taxation charge for the 26 weeks ended 4 April 2015 has been calculated by applying an estimate of the underlying effective tax rate for the 52 weeks ending 3 October 2015 of approximately 19.6% (26 weeks ended 5 April 2014: approximately 20.0%).

	4 April 2015 £m	5 April 2014 £m
Current tax	**3.9**	(2.1)
Deferred tax	**(7.6)**	(5.2)
	(3.7)	(7.3)

The taxation credit includes a current tax credit of £1.5 million (2014: £6.3 million) and a deferred tax credit of £8.0 million (2014: £6.8 million) relating to the tax on non-underlying items (note 3).

6 EARNINGS PER ORDINARY SHARE

Basic earnings per share are calculated by dividing the profit/(loss) attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period, excluding treasury shares and those held on trust for employee share schemes.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. These represent share options granted to employees where the exercise price is less than the weighted average market price of the Company's shares during the period.

Underlying earnings per share figures are presented to exclude the effect of exceptional and other adjusting items. The Directors consider that the supplementary figures are a useful indicator of performance.

	4 April 2015		5 April 2014	
	Earnings £m	**Per share amount p**	Earnings £m	Per share amount p
Basic loss per share	**(23.8)**	**(4.2)**	(47.5)	(8.3)
Diluted loss per share*	**(23.8)**	**(4.2)**	(47.5)	(8.3)
Underlying earnings per share figures				
Basic underlying earnings per share	**23.8**	**4.2**	23.2	4.1
Diluted underlying earnings per share	**23.8**	**4.1**	23.2	4.0

* The diluted loss per share is the same as the basic loss per share as the inclusion of the dilutive potential ordinary shares would reduce the loss per share and as such is not dilutive in accordance with IAS 33 'Earnings per Share'.

	4 April 2015 m	5 April 2014 m
Basic weighted average number of shares	**572.0**	570.7
Dilutive options	**6.4**	6.1
Diluted weighted average number of shares	**578.4**	576.8

7 PROPERTY, PLANT AND EQUIPMENT

	£m
Net book amount at 5 October 2014	1,990.0
Additions	71.4
Net transfers to assets held for sale and disposals	(18.9)
Depreciation, revaluation and other movements	41.0
Net book amount at 4 April 2015	**2,083.5**

	£m
Net book amount at 6 October 2013	2,063.6
Additions	72.9
Net transfers to assets held for sale and disposals	(174.5)
Depreciation, revaluation and other movements	(23.5)
Net book amount at 5 April 2014	**1,938.5**

Revaluation/impairment

At 1 February 2015 independent chartered surveyors revalued the Group's freehold and leasehold properties on an open market value basis. These valuations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve or income statement as appropriate.

During the prior period various properties were reviewed for impairment and/or material changes in value.

The impact of the revaluations/impairments described above is as follows:

	4 April 2015 £m	5 April 2014 £m
Income statement:		
Revaluation loss charged as an impairment	**(60.1)**	(2.9)
Reversal of past impairments	**26.3**	.-
	(33.8)	(2.9)
Revaluation reserve:		
Unrealised revaluation surplus	**213.0**	.-
Reversal of past revaluation surplus	**(120.6)**	(2.9)
	92.4	(2.9)
Net increase/(decrease) in shareholders' equity/property, plant and equipment	**58.6**	(5.8)

8 NET DEBT

Analysis of net debt	4 April 2015 £m	Cash flow £m	Non-cash movements and deferred issue costs £m	4 October 2014 £m
Cash and cash equivalents				
Cash at bank and in hand	**189.1**	8.2	.-	180.9
Bank overdrafts	**(7.1)**	0.5	.-	(7.6)
	182.0	8.7	.-	173.3
Debt due within one year				
Unsecured bank borrowings	**0.8**	.-	.-	0.8
Securitised debt	**(25.5)**	12.4	(13.1)	(24.8)
Finance leases	**(0.1)**	.-	.-	(0.1)
Other lease related borrowings	**0.1**	.-	.-	0.1
Other borrowings	**(120.0)**	.-	.-	(120.0)
	(144.7)	12.4	(13.1)	(144.0)
Debt due after one year				
Unsecured bank borrowings	**(232.9)**	(23.0)	(0.4)	(209.5)
Securitised debt	**(847.0)**	.-	12.8	(859.8)
Finance leases	**(20.7)**	.-	.-	(20.7)
Other lease related borrowings	**(181.5)**	(47.0)	2.9	(137.4)
Preference shares	**(0.1)**	.-	.-	(0.1)
	(1,282.2)	(70.0)	15.3	(1,227.5)
Net debt	**(1,244.9)**	(48.9)	2.2	(1,198.2)

Unsecured bank borrowings due within one year represent unamortised issue costs expected to be charged to the income statement within 12 months of the balance sheet date. Unsecured bank borrowings due after one year represent amounts drawn down under the Group's revolving credit facility, net of unamortised issue costs expected to be charged to the income statement after 12 months from the balance sheet date.

Other lease related borrowings represent amounts due under sale and leaseback arrangements that do not fall within the scope of IAS 17 'Leases'.

Other borrowings represent amounts drawn down under the securitisation's liquidity facility. During the prior period the facility's provider, the Royal Bank of Scotland Group plc, had its short-term credit rating downgraded below the minimum prescribed in the facility agreement and as such the Group exercised its entitlement to draw the full amount of the facility and hold it in a designated bank account. The corresponding balance of £120.0 million (at 4 October 2014: £120.0 million) held in this bank account is included within cash and cash equivalents. The amounts drawn down can only be used for the purpose of meeting the securitisation's debt service obligations should there ever be insufficient funds available from operations to meet such payments. As such these amounts are considered to be restricted cash.

Included within cash at bank and in hand is an amount of £1.4 million (at 4 October 2014: £1.4 million), which relates to a letter of credit with Royal Sun Alliance Insurance, an amount of £1.0 million (at 4 October 2014: £1.0 million), which relates to a letter of credit with Aviva, and an amount of £8.1 million (at 4 October 2014: £8.2 million), which relates to collateral held in the form of cash deposits. These amounts are also considered to be restricted cash.

In addition, any other cash held in connection with the securitised business is governed by certain restrictions under the covenants associated with the securitisation.

Reconciliation of net cash flow to movement in net debt	4 April 2015 £m	5 April 2014 £m
Increase in cash and cash equivalents in the period	**8.7**	89.3
Cash inflow from movement in debt	**(57.6)**	(92.2)
Change in debt resulting from cash flows	**(48.9)**	(2.9)
Non-cash movements and deferred issue costs	**2.2**	4.4
Movement in net debt in the period	**(46.7)**	1.5
Net debt at beginning of the period	**(1,198.2)**	(1,191.0)
Net debt at end of the period	**(1,244.9)**	(1,189.5)

Reconciliation of net debt before lease financing to net debt	4 April 2015 £m	5 April 2014 £m
Cash and cash equivalents	**189.1**	215.4
Unsecured bank borrowings	**(239.2)**	(233.3)
Securitised debt	**(872.5)**	(896.6)
Other borrowings	**(120.0)**	(120.0)
Preference shares	**(0.1)**	(0.1)
Net debt before lease financing	**(1,042.7)**	(1,034.6)
Finance leases	**(20.8)**	(20.9)
Other lease related borrowings	**(181.4)**	(134.0)
Net debt	**(1,244.9)**	(1,189.5)

NOTES

9 FINANCIAL INSTRUMENTS

The only financial instruments which the Group holds at fair value are derivative financial instruments, which are classified as at fair value through profit or loss or derivatives used for hedging.

Fair value hierarchy
IFRS 13 'Fair Value Measurement' requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the measurements, according to the following levels:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities.
Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – inputs for the asset or liability that are not based on observable market data.

The table below shows the level in the fair value hierarchy within which fair value measurements have been categorised:

	4 April 2015				4 October 2014			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Liabilities as per the balance sheet	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m
Derivative financial instruments	**-**	**199.2**	**-**	**199.2**	-	140.2	-	140.2

There were no transfers between Levels 1, 2 and 3 fair value measurements during the current or prior period.

The Level 2 fair values of derivative financial instruments have been obtained using a market approach and reflect the estimated amount the Group would expect to pay on termination of the instruments. The Group obtains such valuations from counterparties who use a variety of assumptions based on market conditions existing at each balance sheet date.

The fair values of all non-derivative financial instruments are equal to their book values, with the exception of borrowings. The carrying amount less impairment provision of trade receivables, other receivables and trade loans, and the carrying amount of trade payables and other payables, are assumed to approximate their fair values. The carrying amount (excluding unamortised issue costs) and the fair value of the Group's borrowings are as follows:

	Carrying amount		**Fair value**	
	4 April 2015 £m	4 October 2014 £m	**4 April 2015 £m**	4 October 2014 £m
Unsecured bank borrowings	**242.1**	219.6	**242.1**	219.6
Securitised debt	**879.2**	891.6	**922.0**	923.7
Finance leases	**20.8**	20.8	**20.8**	20.8
Other lease related borrowings	**195.1**	148.1	**195.1**	148.1
Other borrowings	**120.0**	120.0	**120.0**	120.0
Preference shares	**0.1**	0.1	**0.1**	0.1
	1,457.3	1,400.2	**1,500.1**	1,432.3

10 MATERIAL TRANSACTIONS

Additional contributions of £6.6 million (26 weeks ended 5 April 2014: £6.3 million) were made in the period to the Marston's PLC Pension and Life Assurance Scheme.

There were no significant related party transactions during the period (26 weeks ended 5 April 2014: none).

11 CAPITAL COMMITMENTS

Capital expenditure authorised and committed at the period end but not provided for in this interim financial information was £10.4 million (at 4 October 2014: £9.0 million).

12 CONTINGENT LIABILITIES

There have been no material changes to contingent liabilities since 4 October 2014.

13 SEASONALITY OF INTERIM OPERATIONS

The Group's financial results and cash flows have, historically, been subject to seasonal trends between the first and second half of the financial year. Traditionally, the second half of the financial year sees higher revenue and profitability, as a result of better weather conditions.

There is no assurance that this trend will continue in the future.

NOTES

14 EVENTS AFTER THE BALANCE SHEET DATE

An interim dividend of £14.3 million, being 2.5p (2014: 2.4p) per ordinary share, has been proposed and will be paid on 7 July 2015 to those shareholders on the register at the close of business on 29 May 2015. This interim financial information does not reflect this dividend payable.

On 17 April 2015, the Group acquired the trading operations of Daniel Thwaites PLC's beer division, including the two leading beer brands Wainwright and Lancaster Bomber. The initial cash consideration paid (excluding working capital) was £25.1 million. Due to the proximity of this acquisition to the date the interim results were authorised for issue the initial accounting has not yet been completed. Full disclosures in respect of this acquisition will be provided in the financial statements for the 52 weeks ending 3 October 2015.

15 PRINCIPAL RISKS AND UNCERTAINTIES

The Group set out on pages 14 and 15 of its 2014 Annual Report and Accounts the principal risks and uncertainties that could impact its performance. These remain unchanged since the Annual Report and Accounts were published and are expected to remain unchanged for the second half of the financial year. These risks and uncertainties are summarised as follows:

- Economic uncertainty
- Changes in regulation impacting on the cost of business or obstructing growth
- Investment plans not meeting expectations
- Network outage or denial of service
- Loss, theft or corruption of data
- Failure to attract or retain the best people
- Incorrect reporting of financial results
- Unauthorised transactions
- Breach of financial covenants with lenders

16 INTERIM RESULTS

The interim results were approved by the Board on 14 May 2015.

17 COPIES

Copies of these results are available on the Marston's PLC website (www.marstons.co.uk) and on request from The Company Secretary, Marston's PLC, Coniston House, Chapel Ash, Wolverhampton, WV3 0BF.