18 May 2016

MARSTON'S PLC
INTERIM RESULTS FOR THE 26 WEEKS ENDED 2 APRIL 2016

Profit and cash flow growth from high quality pub and beer business

- **Strong trading performance:**
  - Underlying Group revenue up 11.5% to £428.7 million
  - Underlying profit before tax up 11.8% to £33.1 million
  - Underlying earnings per share up 11.9% to 4.7 pence per share
  - Profit growth in all trading segments
  - Operating cash flow up £23.1 million to £81.3 million
  - Leverage reduced 0.4x to 5.0x. Fixed charge cover up 0.2x to 2.6x
  - Statutory profit before tax up £50.3 million to £22.8 million

- **High quality pub estate delivering strong growth:**
  - Like-for-like sales growth of 3% across managed and franchised pubs
  - Seven pubs and three lodges opened in the period
  - First new-build Tavern successfully opened under franchise model
  - High quality Leased business delivered like-for-like profit and rental growth
  - Average profit per pub up 13% in 2016, up 44% since 2012

- **Market-leading beer business continues to grow strongly:**
  - Underlying operating profit growth of 16% driven by Thwaites acquisition
  - Strong brand portfolio continues to outperform market with volumes up 22%
  - Market share up 1.5% in premium cask ale and 1.1% in bottled ale
  - Hobgoblin Gold (2014 launch) now a 'top 15' premium bottled ale

- **Interim dividend up 4% to 2.6p per share; cover of 1.8 times improved vs H1 2015**

- **Full year plans on track**
  - Performance to date in line with expectations
  - At least 20 new pubs this financial year, including 2 Revere bars
  - 5 new lodges

Commenting, Ralph Findlay, CEO said:
"We are encouraged by our first half performance, and are on track to meet our expectations for the year. In pubs, we have driven our growth by the organic development of pub-restaurants and franchise-style pubs, and more recently through investment in lodges and premium bars, widening our appeal. In Brewing, we had an excellent first half year and achieved good growth through our industry-leading brands and service."

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/886-1178-17197 on 18 May 2016.

NOTES TO EDITORS

- Marston's is a leading pub operator and independent brewer.
- It has an estate of around 1,600 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 portfolio also includes Banks's, Jennings, Wychwood, Ringwood, Brakspear, Thwaites and Mansfield beers.
- Marston's employs around 13,500 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.
- Leverage excludes property leasing.
- Average profit per pub is on an MAT basis.

GROUP OVERVIEW

We are pleased to report good progress in implementing our strategy, including double digit growth in underlying earnings and profit growth in all of our trading segments.

Total underlying revenue increased by 11.5% reflecting like-for-like growth in our pubs, the positive impact of new openings, growth in our beer brands, and the acquisition of Thwaites' beer business. Underlying operating margin increased in both our Destination and Premium and Leased businesses, with Group operating margin 0.9% below last year as a consequence of the acquisition in 2015.

Underlying operating profit of £70.5 million (2015: £66.5 million) was up 6.0%.

Underlying profit before tax was up 11.8% to £33.1 million (2015: £29.6 million) principally reflecting the contribution from new pub-restaurants and the benefits of the Thwaites acquisition. Basic underlying earnings per share for the period increased by 11.9% to 4.7 pence per share (2015: 4.2 pence per share).

On a statutory basis profit before tax was £22.8 million (2015: loss of £27.5 million) and earnings per share were 4.2 pence per share (2015: loss of 4.2 pence per share).

Operating cash flow improved by £23.1 million to £81.3 million in the period principally reflecting improvements in both EBITDA and working capital.

Net debt at the period end was £1,273 million. Excluding property leases with freehold reversion entitlement, the ratio of net debt to underlying EBITDA was 5.0 times at the period end (2015: 5.4 times) and net debt to EBITDA is expected to reduce over time as our long-term debt amortises. In addition, fixed charge cover has increased to 2.6 times (2015: 2.4 times).

Outlook and Dividend

After the first few weeks of the second half year, performance remains in line with expectations. Despite more challenging comparatives in the second half year we remain confident of achieving our targets for the full financial year and are on track to complete the new-build and lodge expansion plans outlined below. We are pleased to declare an interim dividend of 2.6 pence per share representing a 4.0% increase on 2015.

There are two pieces of Government legislation that come into effect in the second half year. The planned introduction of the Pubs Code on the in the second half-year will impact the tenanted and leased pub sector. Marston's Leased pubs generate approximately 15% of our total pub profits, and we are therefore not materially exposed to potential adverse consequences of the legislation. The Living Wage was introduced on 1st April and will increase staff costs in pubs. We had anticipated that staff costs would increase over time, and that the Minimum Wage and Living Wage would converge, so the impact over and above our existing forecasts was relatively modest. We have no plans to review other staff benefits as a consequence of the introduction of the Living Wage.

Strategy

Marston's strategic objectives remain focused on delivering sustainable growth and maximising return on capital, with five key components as described below.

1. **Operating a high quality pub estate.**

   We have an outstanding range of food-led, community and premium pubs and bars. We derive many benefits by operating across the full breadth of the market. We have more investment opportunities available to us, our risk is spread, and we anticipate market trends and can respond quickly to change. Our main areas of operation are:

   - **Destination and Premium - 403 pubs.** Our Destination pubs offer family dining and great value in a relaxed pub environment. We aim to retain strong pub values while reflecting modern tastes and trends in a fast moving and competitive market. We operate several formats depending upon local preferences: Marston's "Two for One", "Milestone Rotisserie", "Milestone Carvery" and "Generous George", allowing us to have the right consumer offer in each pub.

     Our Pitcher & Piano bars and Revere pubs offer premium food and drink in attractive town centre and suburban locations, with a preference for iconic settings.

   - **Taverns - 828 pubs.** Our community pubs are great locals with a more traditional pub ambience in strong locations. The contribution of the licensee is critical to success as atmosphere is promoted by strong community engagement, with entertainment, teams and games often at the heart of the pub's activities.

   - **Leased - 339 pubs.** These distinctive pubs benefit from a high 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. We contribute through our expertise in attracting the right lessee, dealing in a fair manner and providing business support.

   - **Marston's Inns.** We offer high quality accommodation in 51 pubs and 10 lodges within the Destination and Premium segment. In total, we have around 850 rooms and we have opened 3 lodges during the first half year.

2. **Targeting growth: building pub-restaurants, lodges and Premium pubs.**

   New pub-restaurants. In our Destination business, we have opened over 130 pub-restaurants since 2009, offering family dining at reasonable prices. These pubs generate high turnover, with target sales of £25,000 per week and a food sales mix in excess of 60%. We have an experienced site acquisition team, and a well-established site selection process and strong relationships with the major property developers. This expansionary investment has generated consistent returns and enabled us to extend our trading geography to include southern England, and Scotland. New pub investment creates significant value for shareholders, as demonstrated in the 2015 pub estate valuation. This year we have opened seven new-build pub-restaurants in the first half year, and targeted at least 20 for the full year and each year thereafter.

Competition and differentiation are key considerations. We operate in a market with significant investment in casual dining, fast food and restaurants, therefore our pub-restaurant investment is targeted in areas that are less exposed to intense competition, particularly outside London and city centres. We benefit from the broad appeal of the "pub" brand which occupies a unique position in the market and has demonstrated longevity.

New lodges. Investment in new-build lodges adjacent to pubs has been increased in 2016. Having opened three in 2015, we will open at least five in 2016, with three open in the first half year.

Looking forward, we expect accommodation to be increasingly important to our investment plans, and we are acquiring sites for development in 2017 and thereafter. The combination of pub-restaurant with an adjacent lodge is attractive in the context of increasing business and leisure travel.

New Premium pubs. In recent years we have invested in, and developed our skills and expertise in, our Premium pub business, comprising Pitcher & Piano and Revere. In 2016 we have converted one pub from the existing estate to our Revere format, with a further two sites acquired for development and opening in the second half year.

Development of the franchise model. We pioneered the introduction of franchise-style agreements in the pub sector. We believe that the franchise operating model in community pubs creates the best experience for our customers and is the most flexible and attractive model for licensees. It is our intention to convert most of our pubs in the Taverns business to this model over time.

We have also been successful in expanding franchise-style agreements into higher turnover pubs. This year some of our most successful franchisees have generated turnover levels similar to those in the Destination estate, with weekly sales exceeding £30,000 per week over the Christmas period. Furthermore, we have opened our first new-build Tavern operating under the franchise operating model, with early trading in line with expectations. We are also evaluating the potential for franchise-style agreements in the Destination estate and anticipate trialling this in the next two years.

3. **Offering the best consumer experience: quality, service, value and innovation.**

Quality of food and drink. Given the pace of change and competition in the sector we prioritise quality and target a food offer with appeal spanning a broad range of age groups and demographics. Traditional favourites such as fish and chips are staple pub classics but we continue to develop and evolve our food offers and introduce new tastes and flavours. Pizza Kitchen is a good example: in 2016 we have continued the rollout of Pizza Kitchen, offering fabulous fresh-made pizza with theatre, which now operates in 60 pubs. Equally, in Premium we have developed new 'better burger and pizza' and 'smokehouse' concepts which are proving successful.

We are also well-placed to benefit from current trends in beer, wines, spirits and non-alcoholic drinks. Growth in premium drinks continues, with strong consumer interest in new brands and styles, including non-alcoholic drinks. In Destination and Premium, premium beer accounts for over 56% of beer sold. We sell 15 million glasses of wine and 5 million cups of coffee a year, and soft drinks account for 25% of total drinks volume. In our Revere pubs, cocktails account for 13% of drinks sales, reflecting the premium nature of the experience.

We aim to be the best place locally for our drinks range and quality, underpinned through initiatives such as "Masters of Cask" in our Taverns pubs, and supported by the fact that we have our own beer quality specialists visiting pubs to help ensure we only serve top quality beer.

Service. We measure service on a pub-by-pub basis through a combination of internal and external mechanisms. We are in the process of investing significantly in high speed broadband and state of the art EPOS equipment (to be completed in 2017) which will provide us with better customer information and contribute to improved service. We have recently developed a social media listening tool which provides our pub managers with the ability to respond quickly to any customer feedback.

Value. Value for money is a key element of our offer. We do not aim to offer the lowest prices in the market but aim to offer a fantastic experience that represents great value for money.

4. Leadership in the UK beer market.

The UK beer market is evolving with consumers seeking a wider choice of beers with local provenance and taste, including craft beers. The off-trade continues to grow, with the strongest growth in the premium bottled ale segment.

Our established strategy is well positioned in respect of these trends. We have a wide portfolio of beers from our five breweries, a national distribution network and a local approach to beer brand management. Around 1 in 5 bottled ales and almost 1 in 5 premium cask ales in the UK are Marston's brands. Premium ales now account for around 74% of sales and the mix of sales to the off-trade is 54%.

Our position as category leaders has been recognised across the industry, most recently by being awarded the Publican National Cask Ale Supplier of the Year for the third year in succession. Our own annual publications, the Cask Ale Report and Premium Bottled Ale Report, continue to be highly valued by both our on-trade and off-trade customers, for insight into current and future market trends.

Innovation is key to maintaining our competitive advantage. We continue to introduce new beers into the market with the most notable recent launch being Wychwood King Star Craft Lager, the latest in a series of new beers which includes Hobgoblin Gold, Shipyard and the Revisionist range.

5. Our People – 'Marston's – The Place to Be'.

Marston's employs around 13,500 people and it is our intention to build on being 'The Place to Be' not just for our customers but also for all our employees. Following the appointment of a Group People Director in 2015 we have reviewed and reinvigorated our approach to ways of working, aiming to modernise and build on the excellent values and culture the business has developed over many years. The output of that is a very clear set of ambitions, values and ways of working that apply across the business, promoting a culture of "People at the Heart" of everything we do.

PERFORMANCE AND FINANCIAL REVIEW

	Underlying revenue		**Underlying operating profit**		**Margin**	
	2016	2015	**2016**	2015	**2016**	2015
	£m	£m	**£m**	£m	**%**	%
Destination and Premium	**204.8**	187.2	**34.8**	31.6	**17.0**	16.9
Taverns	**107.1**	104.4	**24.2**	24.1	**22.6**	23.1
Leased	**24.2**	25.1	**12.7**	12.4	**52.5**	49.4
Brewing	**92.6**	67.8	**10.0**	8.6	**10.8**	12.7
Group Services	**-**	-	**(11.2)**	(10.2)	**(2.6)**	(2.7)
Group	**428.7**	384.5	**70.5**	66.5	**16.4**	17.3

Destination and Premium

Total revenue increased by 9.4% to £204.8 million reflecting the continued strong performance of our new-build, pub-restaurants and growth in like-for-like sales. Underlying operating profit of £34.8 million was up 10.1% (2015: £31.6 million).

Total like-for-like sales were 3.0% above last year, with like-for-like food sales up by 2.2%, assisted by strong growth in sales of starters, desserts and coffee. In addition, like-for-like room income was up 11.8%. In Destination pubs, food now accounts for 59% of total sales (2015: 58%) and in Premium pubs and bars food is 29% of sales (2015: 28%).

Like-for-like wet sales increased by 3.5%, outperforming the declining UK on-trade drinks market. We continue to see growth in more premium products, with own-brewed premium ale volumes up 7% and premium lager up 15%.

We achieved a 0.1% improvement in operating margin through a disciplined approach to discounting and tight cost management.

Taverns

Total revenue increased by 2.6% to £107.1 million, principally reflecting the continued conversion of pubs to our franchise model. Operating profit was up 0.4% on last year, reflecting the strong performance of franchised pubs within our estate, offset by the impact of disposals.

In our managed and franchised pubs like-for-like sales were up 3.0% and operating margins up 0.1% versus last year, reflecting the continued success of pubs operating under the franchise model.

Operating margin was 0.5% below last year at 22.6%, primarily reflecting the impact of franchise conversions.

Leased

Total revenue decreased by 3.6% to £24.2 million and underlying operating profit of £12.7 million was up 2.4% on last year. The performance of the core estate was strong with rental income growth of 2%. Operating margin of 52.5% was up 3.1%, reflecting a higher mix of rental income and sales from premium products.

Brewing

Total revenue increased by 36.6% to £92.6 million, primarily reflecting the benefits of the Thwaites acquisition described above. Underlying operating profit increased by 16.3% to £10.0 million.

Overall ale volumes were up 22% on last year reflecting the benefits of the Thwaites acquisition. Premium cask ale volumes were up 22% and bottled ale volumes up 10%. Hobgoblin, our largest brand, continues to grow with sales up 15% on last year, supported by the introduction of Hobgoblin Gold. We have maintained our position as "category market leader" in both the premium bottled ale and premium cask ale markets.

Operating margin was down versus last year at 10.8% which, as previously described, reflects the impact of the pub supply arrangement with Thwaites which generates a positive profit contribution, albeit at a low margin percentage.

Capital expenditure and disposals

Capital expenditure was £72.9 million in the first half year (2015: £70.9 million) including £33.6 million on new pubs. We expect that capital expenditure will be around £140 million this financial year, including around £70 million for the construction of at least 20 pub-restaurants, 2 Revere bars and 5 lodges.

Proceeds of £27.1 million of cash have been received from the sale of 34 pubs and other assets.

Financing

At 2 April 2016, the Group had a £257.5 million bank facility to November 2018. In addition, we have a £30 million two-year facility for the Thwaites acquisition. These facilities, together with a long-term securitisation of approximately £850 million and the lease financing arrangements described below, provide us with an appropriate level of financing headroom for the medium term. The Group has sufficient headroom on both the banking and securitisation covenants and also has flexibility to transfer pubs between the banking and securitisation groups.

The Group has entered into lease financing arrangements which have a total value of £223 million as at 2 April 2016. 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.

Net debt excluding lease financing of £1,049 million at 2 April 2016 is broadly in line with last year, despite the additional £30 million facility for Thwaites taken out in April 2015. Operating cash flow of £81.3 million was 40% above last year due to improved profit performance and working capital management.

For the period ended 2 April 2016 the ratio of net debt before lease financing to underlying EBITDA was 5.0 times (2015: 5.4 times). It remains our intention to reduce this ratio over time, principally through EBITDA growth generated from our new-build investment programme.

Pensions

The deficit on our final salary scheme was £1.6 million which compares to the £15.0 million surplus at the year end.

Taxation

The underlying rate of taxation of 18.7% in 2016 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 £3.0 million after tax. This includes charges of £0.7 million relating to non-core estate disposal and reorganisation costs, £1.2 million in respect of the change in the rate assumptions used in calculating our onerous lease provisions, £0.9 million in respect of relocation, reorganisation and integration costs and £7.0 million in respect of the mark-to-market movement in the fair value of certain interest rate swaps. The revenue of £15.6 million and expenses of £15.6 million in respect of the ongoing management of the pubs from the portfolio disposal in December 2013 have also been included within non-underlying items. Following the agreement of the tax treatment of certain items with HM Revenue & Customs, the Group has recognised a non-underlying tax credit of £4.1 million in respect of the additional tax relief claimed by the Group for previous periods, along with a non-underlying charge of £0.5 million in respect of the associated advisory fees. In addition, there is a non-underlying deferred tax credit of £1.1 million in relation to the change in corporation tax rate and a credit of £2.1 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 2 April 2016. 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 2 April 2016;
- 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
18 May 2016
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 3 October 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
18 May 2016	18 May 2016

GROUP INCOME STATEMENT (UNAUDITED)

for the 26 weeks ended 2 April 2016

	Note	**26 weeks to 2 April 2016** Underlying items £m	Non-underlying items £m	Total £m	26 weeks to 4 April 2015 Underlying items £m	Non-underlying items £m	Total £m	52 weeks to 3 October 2015 Total £m
Revenue	2, 3	**428.7**	**15.6**	**444.3**	384.5	16.0	400.5	878.6
Operating expenses*		**(358.2)**	**(18.9)**	**(377.1)**	(318.0)	(64.5)	(382.5)	(764.8)
Operating profit	2, 3	**70.5**	**(3.3)**	**67.2**	66.5	(48.5)	18.0	113.8
Finance costs	4	**(37.6)**	**-**	**(37.6)**	(37.1)	-	(37.1)	(74.5)
Finance income	4	**0.2**	**-**	**0.2**	0.2	-	0.2	0.6
Movement in fair value of interest rate swaps	3, 4	**-**	**(7.0)**	**(7.0)**	-	(8.6)	(8.6)	(8.6)
Net finance costs	3, 4	**(37.4)**	**(7.0)**	**(44.4)**	(36.9)	(8.6)	(45.5)	(82.5)
Profit/(loss) before taxation		**33.1**	**(10.3)**	**22.8**	29.6	(57.1)	(27.5)	31.3
Taxation	3, 5	**(6.2)**	**7.3**	**1.1**	(5.8)	9.5	3.7	(8.0)
Profit/(loss) for the period attributable to equity shareholders		**26.9**	**(3.0)**	**23.9**	23.8	(47.6)	(23.8)	23.3
Earnings/(loss) per share:								
Basic earnings/(loss) per share	6			**4.2p**			(4.2)p	4.1p
Basic underlying earnings per share	6			**4.7p**			4.2p	12.9p
Diluted earnings/(loss) per share	6			**4.1p**			(4.2)p	4.0p
Diluted underlying earnings per share	6			**4.6p**			4.1p	12.8p

GROUP STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the 26 weeks ended 2 April 2016

	26 weeks to 2 April 2016 £m	26 weeks to 4 April 2015 £m	52 weeks to 3 October 2015 £m
Profit/(loss) for the period	**23.9**	(23.8)	23.3
Items of other comprehensive income that may subsequently be reclassified to profit or loss			
Losses arising on cash flow hedges	**(22.3)**	(56.4)	(56.1)
Transfers to the income statement on cash flow hedges	**5.8**	6.0	12.2
Tax on items that may subsequently be reclassified to profit or loss	**(0.2)**	10.1	8.7
	(16.7)	(40.3)	(35.2)
Items of other comprehensive income that will not be reclassified to profit or loss			
Remeasurement of retirement benefits	**(20.9)**	(22.2)	(6.7)
Unrealised surplus on revaluation of properties*	**1.3**	213.0	216.5
Reversal of past revaluation surplus*	**-**	(120.6)	(120.6)
Tax on items that will not be reclassified to profit or loss	**14.9**	(13.3)	(17.1)
	(4.7)	56.9	72.1
Other comprehensive (expense)/income for the period	**(21.4)**	16.6	36.9
Total comprehensive income/(expense) for the period	**2.5**	(7.2)	60.2

* During the prior 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 were recognised in the revaluation reserve, and a net charge of £38.6 million was 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 2 April 2016

	Note	**26 weeks to 2 April 2016 £m**	26 weeks to 4 April 2015 £m	52 weeks to 3 October 2015 £m
Operating activities				
Underlying operating profit		**70.5**	66.5	165.4
Depreciation and amortisation		**20.1**	18.4	37.9
Underlying EBITDA		**90.6**	84.9	203.3
Non-underlying operating items	3	**(3.3)**	(48.5)	(51.6)
EBITDA		**87.3**	36.4	151.7
Working capital movement		**8.3**	(1.3)	10.7
Non-cash movements		**(4.1)**	36.7	30.0
(Decrease)/increase in provisions and other non-current liabilities		**(2.7)**	0.1	0.1
Difference between defined benefit pension contributions paid and amounts charged		**(4.1)**	(7.1)	(14.0)
Income tax paid		**(3.4)**	(6.6)	(16.2)
Net cash inflow from operating activities		**81.3**	58.2	162.3
Investing activities				
Interest received		**0.3**	0.3	0.7
Sale of property, plant and equipment and assets held for sale		**27.1**	26.4	69.6
Purchase of property, plant and equipment and intangible assets		**(72.9)**	(70.9)	(142.3)
Acquisition of business		**-**	-	(28.8)
Movement in other non-current assets		**0.8**	0.5	2.4
Net cash outflow from investing activities		**(44.7)**	(43.7)	(98.4)
Financing activities				
Equity dividends paid		**(25.9)**	(24.6)	(38.9)
Interest paid		**(37.6)**	(36.0)	(71.8)
Arrangement costs of bank facilities		**-**	-	(0.2)
Arrangement costs of other lease related borrowings		**(1.2)**	(2.9)	(2.9)
Proceeds from sale of own shares		**0.2**	0.1	1.5
Repayment of securitised debt		**(13.1)**	(12.4)	(25.4)
Advance of bank loans		**60.0**	23.0	38.0
Capital element of finance leases repaid		**-**	-	(0.1)
Advance of other lease related borrowings		**22.1**	47.0	47.0
Net cash inflow/(outflow) from financing activities		**4.5**	(5.8)	(52.8)
Net increase in cash and cash equivalents	8	**41.1**	8.7	11.1

GROUP BALANCE SHEET (UNAUDITED)

as at 2 April 2016

	Note	**2 April 2016 £m**	4 April 2015 £m	3 October 2015 £m
Non-current assets				
Goodwill		**227.5**	224.2	227.5
Other intangible assets		**37.3**	24.7	37.6
Property, plant and equipment	7	**2,154.2**	2,083.5	2,122.6
Deferred tax assets		**64.8**	61.1	67.8
Retirement benefit surplus		**-**	-	15.0
Other non-current assets		**11.3**	11.0	12.1
		2,495.1	2,404.5	2,482.6
Current assets				
Inventories		**28.3**	23.7	28.2
Trade and other receivables		**74.7**	72.6	84.3
Cash and cash equivalents*	8	**231.9**	189.1	193.1
		334.9	285.4	305.6
Assets held for sale		**18.8**	27.1	18.0
Current liabilities				
Borrowings*	8	**(212.5)**	(151.8)	(154.0)
Derivative financial instruments		**(31.5)**	(26.5)	(25.7)
Trade and other payables		**(183.9)**	(155.7)	(185.2)
Current tax liabilities		**(3.5)**	(10.1)	(7.2)
		(431.4)	(344.1)	(372.1)
Non-current liabilities				
Borrowings	8	**(1,291.9)**	(1,282.2)	(1,284.1)
Derivative financial instruments		**(184.7)**	(172.7)	(167.0)
Retirement benefit obligations		**(1.6)**	(7.3)	-
Deferred tax liabilities		**(138.2)**	(140.2)	(156.8)
Other non-current liabilities		**(1.2)**	(2.4)	(1.8)
Provisions for other liabilities and charges		**(39.9)**	(40.5)	(41.5)
		(1,657.5)	(1,645.3)	(1,651.2)
Net assets		**759.9**	727.6	782.9
Shareholders' equity				
Equity share capital		**44.4**	44.4	44.4
Share premium account		**334.0**	334.0	334.0
Revaluation reserve		**626.8**	616.9	616.0
Capital redemption reserve		**6.8**	6.8	6.8
Hedging reserve		**(144.8)**	(133.2)	(128.1)
Own shares		**(116.2)**	(126.3)	(118.7)
Retained earnings		**8.9**	(15.0)	28.5
Total equity		**759.9**	727.6	782.9

* Cash and cash equivalents includes £120.0 million (3 October 2015: £120.0 million) drawn down under the liquidity facility and borrowings includes the corresponding liability (note 8).

GROUP STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the 26 weeks ended 2 April 2016

	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 4 October 2015	44.4	334.0	616.0	6.8	(128.1)	(118.7)	28.5	782.9
Profit for the period	-	-	-	-	-	-	23.9	23.9
Remeasurement of retirement benefits	-	-	-	-	-	-	(20.9)	(20.9)
Tax on remeasurement of retirement benefits	-	-	-	-	-	-	4.0	4.0
Losses on cash flow hedges	-	-	-	-	(22.3)	-	-	(22.3)
Transfers to the income statement on cash flow hedges	-	-	-	-	5.8	-	-	5.8
Tax on hedging reserve movements	-	-	-	-	(0.2)	-	-	(0.2)
Property revaluation	-	-	1.3	-	-	-	-	1.3
Deferred tax on properties	-	-	10.9	-	-	-	-	10.9
Total comprehensive income/(expense)	-	-	12.2	-	(16.7)	-	7.0	2.5
Share-based payments	-	-	-	-	-	-	0.2	0.2
Sale of own shares	-	-	-	-	-	2.5	(2.3)	0.2
Disposal of properties	-	-	(1.3)	-	-	-	1.3	-
Tax on disposal of properties	-	-	0.4	-	-	-	(0.4)	-
Transfer to retained earnings	-	-	(0.5)	-	-	-	0.5	-
Dividends paid	-	-	-	-	-	-	(25.9)	(25.9)
Total transactions with owners	-	-	(1.4)	-	-	2.5	(26.6)	(25.5)
At 2 April 2016	**44.4**	**334.0**	**626.8**	**6.8**	**(144.8)**	**(116.2)**	**8.9**	**759.9**

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**

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 3 October 2015, with the exception of new standards and interpretations that were only applicable from the beginning of the current financial year.

The audited financial statements for the 52 weeks ended 3 October 2015 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.

The financial information for the 52 weeks ended 3 October 2015 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 2 April 2016 and the comparatives to 4 April 2015 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 1 October 2016.

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	2 April 2016 £m	4 April 2015 £m
Destination and Premium	**204.8**	187.2
Taverns	**107.1**	104.4
Leased	**24.2**	25.1
Brewing	**92.6**	67.8
Group Services	**-**	-
Underlying revenue	**428.7**	384.5
Non-underlying items	**15.6**	16.0
Revenue	**444.3**	400.5

Underlying operating profit by segment	2 April 2016 £m	4 April 2015 £m
Destination and Premium	**34.8**	31.6
Taverns	**24.2**	24.1
Leased	**12.7**	12.4
Brewing	**10.0**	8.6
Group Services	**(11.2)**	(10.2)
Underlying operating profit	**70.5**	66.5
Non-underlying operating items	**(3.3)**	(48.5)
Operating profit	**67.2**	18.0
Net finance costs	**(44.4)**	(45.5)
Profit/(loss) before taxation	**22.8**	(27.5)

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 pubs disposed of in the period ended 4 October 2014. 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.

NOTES

3 NON-UNDERLYING ITEMS (CONTINUED)

	2 April 2016 £m	4 April 2015 £m
Exceptional operating items		
Non-core estate disposal and reorganisation costs	**0.7**	1.6
Impact of change in rate assumptions used for onerous lease provisions	**1.2**	5.9
Relocation, reorganisation and integration costs	**0.9**	0.9
Impairment of freehold and leasehold properties	**-**	39.0
Tax advisory fees	**0.5**	-
	3.3	47.4
Other adjusting operating items		
Results in respect of the ongoing management of pubs in the portfolio disposal	**-**	1.1
	-	1.1
Non-underlying operating items	**3.3**	48.5
Exceptional non-operating items		
Movement in fair value of interest rate swaps	**7.0**	8.6
	7.0	8.6
Total non-underlying items	**10.3**	57.1

Non-core estate disposal and reorganisation costs
During the period ended 5 October 2013 the Group commenced a restructuring of its pub estate and its operating segments. Costs in respect of this restructuring were incurred in both the current and prior period.

Impact of change in rate assumptions used for onerous lease provisions
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 £1.2 million (2015: £5.9 million) in the total provision.

Relocation, reorganisation and integration costs
During the current and prior period a redevelopment of the Group's head office building in Wolverhampton was undertaken along with a reorganisation of certain head office functions. Costs of £0.4 million (2015: £0.9 million) were incurred in respect of temporarily relocating to alternative premises nearby during the period of redevelopment and in undertaking the reorganisation.

The Group also incurred reorganisation and integration costs of £0.5 million (2015: £nil) as a result of the acquisition of the trading operations of Daniel Thwaites PLC's beer division in the period ended 3 October 2015.

Portfolio disposal of pubs
During the period ended 4 October 2014 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 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 classified as a non-underlying item, comprised as follows:

	2 April 2016 £m	4 April 2015 £m
Revenue	**15.6**	16.0
Operating expenses	**(15.6)**	(17.1)
	-	(1.1)

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 hedging 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 £7.0 million (2015: £8.6 million) is shown as an exceptional item. In addition to this, a loss of £16.5 million (2015: £50.4 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.

Impact of taxation
The current tax credit relating to the above non-underlying items amounts to £0.5 million (2015: £1.5 million). The deferred tax credit relating to the above non-underlying items amounts to £1.6 million (2015: £8.0 million). In addition, there is a non-underlying deferred tax credit of £1.1 million (2015: £nil) in relation to the change in corporation tax rate (note 5).

During the current period the Group agreed the tax treatment of certain items with HM Revenue & Customs. The tax credit of £4.1 million in respect of the additional tax relief claimed for previous periods has been classified as a non-underlying item along with the associated advisory fees of £0.5 million.

3 NON-UNDERLYING ITEMS (CONTINUED)

Prior period non-underlying items
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 were recognised in the revaluation reserve or income statement as appropriate. The amount recognised in the income statement comprised:

	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

4 FINANCE COSTS AND INCOME

	2 April 2016 £m	4 April 2015 £m
Finance costs		
Unsecured bank borrowings	**6.1**	5.7
Securitised debt	**24.1**	24.7
Finance leases	**0.5**	0.5
Other lease related borrowings	**6.0**	5.1
Net finance cost in respect of retirement benefits	**0.2**	-
Other interest payable	**0.7**	1.1
Total finance costs	**37.6**	37.1
Finance income		
Deposit and other interest receivable	**(0.2)**	(0.2)
Total finance income	**(0.2)**	(0.2)
Movement in fair value of interest rate swaps		
Loss on movement in fair value of interest rate swaps	**7.0**	8.6
	7.0	8.6
Net finance costs	**44.4**	45.5

5 TAXATION

The underlying taxation charge for the 26 weeks ended 2 April 2016 has been calculated by applying an estimate of the underlying effective tax rate for the 52 weeks ending 1 October 2016 of approximately 18.7% (26 weeks ended 4 April 2015: approximately 19.6%).

	2 April 2016 £m	4 April 2015 £m
Current tax	**0.6**	3.9
Deferred tax	**(1.7)**	(7.6)
	(1.1)	(3.7)

The taxation credit includes a current tax credit of £0.5 million (2015: £1.5 million) and a deferred tax credit of £1.6 million (2015: £8.0 million) relating to the tax on non-underlying items. In addition, there is a non-underlying deferred tax credit of £1.1 million (2015: £nil) in relation to the change in corporation tax rate. There is also a non-underlying current tax credit of £3.7 million (2015: £nil) and a non-underlying deferred tax credit of £0.4 million (2015: £nil) in relation to the additional tax relief claimed by the Group for previous periods following the agreement of the tax treatment of certain items with HM Revenue & Customs (note 3).

NOTES

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.

	2 April 2016		4 April 2015	
	Earnings £m	**Per share amount p**	Earnings £m	Per share amount p
Basic earnings/(loss) per share	**23.9**	**4.2**	(23.8)	(4.2)
Diluted earnings/(loss) per share*	**23.9**	**4.1**	(23.8)	(4.2)
Underlying earnings per share figures				
Basic underlying earnings per share	**26.9**	**4.7**	23.8	4.2
Diluted underlying earnings per share	**26.9**	**4.6**	23.8	4.1

* The 2015 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'.

	2 April 2016 m	4 April 2015 m
Basic weighted average number of shares	**574.4**	572.0
Dilutive options	**5.7**	6.4
Diluted weighted average number of shares	**580.1**	578.4

7 PROPERTY, PLANT AND EQUIPMENT

	£m
Net book amount at 4 October 2015	2,122.6
Additions	71.9
Net transfers to assets held for sale and disposals	(22.4)
Depreciation, revaluation and other movements	(17.9)
Net book amount at 2 April 2016	**2,154.2**

	£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**

Revaluation/impairment
During the prior period independent chartered surveyors revalued the Group's freehold and leasehold properties on an open market value basis. These valuations were incorporated in the financial statements and the resulting revaluation adjustments were recognised in the revaluation reserve or income statement as appropriate.

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

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

	2 April 2016 £m	4 April 2015 £m
Income statement:		
Revaluation loss charged as an impairment	**-**	(60.1)
Reversal of past impairment	**-**	26.3
	-	(33.8)
Revaluation reserve:		
Unrealised revaluation surplus	**1.3**	213.0
Reversal of past revaluation surplus	**-**	(120.6)
	1.3	92.4
Net increase in shareholders' equity/property, plant and equipment	**1.3**	58.6

8 NET DEBT

Analysis of net debt	2 April 2016 £m	Cash flow £m	Non-cash movements and deferred issue costs £m	3 October 2015 £m
Cash and cash equivalents				
Cash at bank and in hand	**231.9**	38.8	-	193.1
Bank overdrafts	**(6.4)**	2.3	-	(8.7)
	225.5	41.1	-	184.4
Debt due within one year				
Unsecured bank borrowings	**(59.1)**	(30.0)	(30.0)	0.9
Securitised debt	**(27.0)**	13.1	(13.9)	(26.2)
Finance leases	**(0.1)**	-	-	(0.1)
Other lease related borrowings	**0.1**	-	-	0.1
Other borrowings	**(120.0)**	-	-	(120.0)
	(206.1)	(16.9)	(43.9)	(145.3)
Debt due after one year				
Unsecured bank borrowings	**(248.7)**	(30.0)	29.5	(248.2)
Securitised debt	**(820.0)**	-	13.6	(833.6)
Finance leases	**(20.6)**	-	-	(20.6)
Other lease related borrowings	**(202.5)**	(22.1)	1.2	(181.6)
Preference shares	**(0.1)**	-	-	(0.1)
	(1,291.9)	(52.1)	44.3	(1,284.1)
Net debt	**(1,272.5)**	(27.9)	0.4	(1,245.0)

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 period ended 4 October 2014 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 3 October 2015: £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 and cash equivalents is an amount of £1.0 million (at 3 October 2015: £1.6 million), which relates to a letter of credit with Royal Sun Alliance Insurance, an amount of £1.4 million (at 3 October 2015: £1.0 million), which relates to a letter of credit with Aviva, and an amount of £7.9 million (at 3 October 2015: £7.8 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	2 April 2016 £m	4 April 2015 £m
Increase in cash and cash equivalents in the period	**41.1**	8.7
Cash inflow from movement in debt	**(69.0)**	(57.6)
Change in debt resulting from cash flows	**(27.9)**	(48.9)
Non-cash movements and deferred issue costs	**0.4**	2.2
Movement in net debt in the period	**(27.5)**	(46.7)
Net debt at beginning of the period	**(1,245.0)**	(1,198.2)
Net debt at end of the period	**(1,272.5)**	(1,244.9)

Reconciliation of net debt before lease financing to net debt	2 April 2016 £m	4 April 2015 £m
Cash and cash equivalents	**231.9**	189.1
Unsecured bank borrowings (including bank overdrafts)	**(314.2)**	(239.2)
Securitised debt	**(847.0)**	(872.5)
Other borrowings	**(120.0)**	(120.0)
Preference shares	**(0.1)**	(0.1)
Net debt before lease financing	**(1,049.4)**	(1,042.7)
Finance leases	**(20.7)**	(20.8)
Other lease related borrowings	**(202.4)**	(181.4)
Net debt	**(1,272.5)**	(1,244.9)

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:

	2 April 2016				3 October 2015			
Liabilities as per the balance sheet	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Derivative financial instruments	**-**	**216.2**	**-**	**216.2**	-	192.7	-	192.7

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**	
	2 April 2016 £m	3 October 2015 £m	**2 April 2016 £m**	3 October 2015 £m
Unsecured bank borrowings	**316.4**	258.7	**316.4**	258.7
Securitised debt	**853.1**	866.2	**853.1**	892.2
Finance leases	**20.7**	20.7	**20.7**	20.7
Other lease related borrowings	**217.2**	195.1	**217.2**	195.1
Other borrowings	**120.0**	120.0	**120.0**	120.0
Preference shares	**0.1**	0.1	**0.1**	0.1
	1,527.5	1,460.8	**1,527.5**	1,486.8

10 MATERIAL TRANSACTIONS

Additional contributions of £4.5 million (26 weeks ended 4 April 2015: £6.6 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 4 April 2015: none).

11 CAPITAL COMMITMENTS

Capital expenditure authorised and committed at the period end but not provided for in this interim financial information was £11.6 million (at 3 October 2015: £11.4 million).

12 CONTINGENT LIABILITIES

There have been no material changes to contingent liabilities since 3 October 2015.

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.

14 EVENTS AFTER THE BALANCE SHEET DATE

An interim dividend of £14.9 million, being 2.6p (2015: 2.5p) per ordinary share, has been proposed and will be paid on 5 July 2016 to those shareholders on the register at the close of business on 27 May 2016. This interim financial information does not reflect this dividend payable.

NOTES

15 PRINCIPAL RISKS AND UNCERTAINTIES

The Group set out on pages 22 and 23 of its 2015 Annual Report and Accounts the principal risks and uncertainties that could impact its performance. These remain unchanged since the Annual Report and Accounts was 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 upon 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 18 May 2016.

17 COPIES

Copies of these results are available on the Marston's PLC website (www.marstons.co.uk) and on request from the Group Secretary, Marston's PLC, Marston's House, Brewery Road, Wolverhampton, WV1 4JT.