MARSTON'S PLC **20 May 2010**

INTERIM RESULTS FOR THE 26 WEEKS ENDED 3 APRIL 2010

Revenue and profit growth in a challenging market; progress in all three divisions

- Group revenue up 0.6% to £309.2 million (2009: £307.5 million)
- Profit before tax and exceptional items up 0.4% to £27.8 million (2009: £27.7 million)
- Underlying* operating profit up 0.2% to £65.5 million (2009: £65.4 million)
- Marston's Inns and Taverns – like-for-like sales up 1.4% and operating margin up 0.5%
- Marston's Pub Company – improving performance trends
- Marston's Beer Company – sales up 8.6%, operating profit up 1.4%
- Increased operating cashflow, secure and flexible financing
- Earnings per share and interim dividend in line with our expectations
    - Underlying earnings 3.8 pence per share
    - Interim dividend 2.1 pence per share
- Clear strategies for future development
    - New-build programme on track and performing ahead of target
    - Extensive roll out of innovative Retail Agreement

Ralph Findlay, Chief Executive, commented:

"We are pleased with the encouraging performance of the business in the first half year. The economic environment remains challenging, but there are two key areas which provide the basis for continuing outperformance in this market: our new-build programme for large managed pub-restaurants; and the introduction of innovative agreements in our tenanted and leased pub estate.

Recent trading has been in line with our expectations. In our managed house business, like-for-like sales for the six weeks to 15 May were 1.2% above last year and trends in Marston's Pub Company and in Marston's Beer Company are consistent with those reported for the half year.

We are confident of meeting our expectations for the year as a whole."

* The underlying results reflect the performance of the Group before exceptional items. The Directors consider that these figures provide a useful indication of the underlying performance of the Group.

ENQUIRIES:

Marston's PLC
Ralph Findlay, Chief Executive
Andrew Andrea, Group Finance Director
Tel: 020 7796 4133 on Thursday 20 May 2010 only
01902 329516 thereafter

Hudson Sandler
Andrew Hayes/Nick Lyon/
George Parker
Tel: 020 7796 4133

High resolution images are available for the media to view and download free of charge from http://www.vismedia.co.uk.

NOTES TO EDITORS

- Marston's has an estate of around 2,200 pubs and bars situated across England and Wales and is the UK's leading brewer of premium cask ales, including Marston's Pedigree, Hobgoblin, Jennings Cumberland Ale, Brakspear Oxford Gold and Ringwood Old Thumper. Other popular beers include Banks's and Mansfield.
- The estate comprises 1,688 tenanted or leased pubs, and 496 managed pubs including Marston's Tavern Table, Two for One and Pitcher & Piano.
- Marston's employs over 11,500 people throughout England and Wales.

Chairman's Statement

Our performance in the first half of the year has been in line with the targets we set ourselves at the start of the year which include growing revenue whilst maintaining margins. Although the pub sector has experienced difficult economic and political pressures we have made progress in each of our trading divisions. We have benefited from our consistent value for money offers, our integrated business model, our high quality pub estate and our range of popular regional ales.

Our strategy is straightforward: to target growth through the development of a national, high quality pub estate; to develop further our food offers; to recruit the best managers, tenants and lessees; to create value through vertical integration; and to match our freehold assets with long term, secure financing.

In this first half year we have made good progress in two key areas: the growth of the managed pub estate through building large new pub-restaurants; and the development of our plans for franchise-style agreements in our tenanted and leased estate. Both these initiatives will place us in a good position to outperform, against the background of both the changing consumer preference for eating out and the legislative and political pressures on the relationships we have with our licensees.

Results summary

Revenue of £309.2 million was 0.6% ahead of last year (2009: £307.5 million); profit before taxation and exceptional items was £27.8 million, 0.4% ahead of last year (2009: £27.7 million); and profit after taxation before exceptional items was £21.8 million, unchanged compared to last year.

Basic earnings per share before exceptional items were 3.8 pence per share compared to 5.8 pence per share in 2009, reflecting the rights issue in 2009.

Net cash from operating activities rose 52% to £81.3m and borrowings were in line with our expectations.

Dividend

The Board has declared an interim dividend of 2.1 pence per share which will be paid on 30 June 2010 to those shareholders on the register at the close of business on 4 June 2010. As described in the Preliminary Results announcement in 2009, the dividend was rebased following the rights issue. The Board believes that the dividend has been rebased to an appropriate and sustainable level, with dividend growth a key priority.

Our policy remains to target dividend cover of around two times over the medium term although the level of dividend cover in any one year may vary.

Outlook and current trading

We remain cautious because of economic and regulatory uncertainty. We nevertheless see opportunities to continue to develop our business, given our positioning with regard to well established consumer trends. We have clearly defined growth plans, with a particular focus on cash flow, good cost management and improving return on capital.

We have made a positive start to the second half year, with like-for-like sales growth of 1.2% in our managed pubs in the six weeks to 15 May, and trends continue to improve in tenanted and leased pubs and in brewing.

David Thompson
Chairman
20 May 2010

Chief Executive's Review

Group overview

Our growth in the first half year demonstrates a continuation of the modest improvement in trading conditions we have experienced over the last 12 months. Consumer confidence has slowly returned, although the recovery remains fragile and vulnerable to economic weakness and further increases in taxation.

The pub sector, particularly the tenanted and leased pub market, has been particularly affected by this challenging environment. We have nevertheless increased revenue and profit before taxation and exceptional items. This has been achieved through our continuing focus on value for money; good service; attractive, well positioned pubs; choice of regional beers; and the careful control of costs. We have also benefited by investing in our pubs and by anticipating market trends.

There are two key areas which provide the basis for continuing outperformance in this challenging market: our new-build programme for large managed pub-restaurants; and the introduction of innovative agreements in our tenanted and leased pub estate.

Progress with new-build pub-restaurants

In July 2009 we raised net proceeds of £165.6 million through a rights issue intended primarily to fund the development of 60 large managed pub-restaurants to be operated by Marston's Inns and Taverns. The investment plan is on track in terms of both performance and timescales.

The attractions of investing in these well situated pub-restaurants include:

- Increased exposure to the growing demand for eating out. These pubs offer value for money, good food and a high level of service in a modern pub environment. Food typically comprises nearly 60% of revenue, compared to 39% for the managed estate as a whole.

- Hand-picked sites, and ergonomically designed pubs in prominent, busy locations such as retail parks.

- Limited competition. We have been able to take advantage of reduced competitor activity and to acquire prime sites at lower costs compared to previous years.

- Sustainable high returns on investment. The current trend for both revenue and returns is slightly ahead of our targets, which are £20,000 per week for revenue and 15% EBITDA (earnings before interest, tax, depreciation and amortisation) return on capital. The like-for-like sales performance of the 30 similar pub-restaurants opened over the last five years is up 4.5% in the first half year, ahead of the average for the division.

The development of these pub-restaurants is consistent with our focus on food, families, females and 'forty/fifty somethings' – the 'F-Plan', which we designed approximately five years ago to recognise longer term growth trends in the pub-restaurant market.

We aim to build 60 of these pub-restaurants over three years, including 15 planned to open this financial year. To date we have opened eight new pub-restaurants located in Aylesbury, Ashbourne, Caterham, Daventry, Dover, Killingworth, Newark, and Sittingbourne. We are also on site in all of the remaining seven locations.

We remain confident of opening 20 new pub-restaurants in 2011 and 25 in 2012. In addition, we aim to be in a position to continue new-build pub development from 2013 onwards at a similar rate.

Review of Tenanted and Leased pub operations

Tenanted pubs are affected by the issues which are faced by all small independent businesses. Many operators have found it difficult to respond to regulatory and market pressures including taxation, increased price competition and market trends such as the increasing importance of food sales to the pub market.

The performance of Marston's Pub Company licensees has been consistently better than the market, in part because our relationships have long been based upon openness, transparency, fair rents, a fair share of risks and rewards, and sustainability. It is our view however that the pressures on tenanted pubs in particular will continue, and that a different approach can provide both an effective response to market conditions and the opportunity for significantly increased profitability.

Following trials of various types of agreements over the last 18 months, we aim to make significant changes to the operation of our tenanted and leased estate of around 1,700 pubs as described below.

1. Over the next three years, we expect to increase the number of pubs being operated under the Retail Agreement to around 600 pubs.

   The Retail Agreement allows us to have much greater control over the retail offer in a pub, and has led to improved pub standards, greater development of food offers, and increased investment in amenities (such as kitchen equipment, pub gardens and Sky). It permits us to bring our retailing expertise and buying power to the partnership with our retailers.

   The principal terms of this agreement are that the retailer retains a percentage of revenue, and is responsible for the employment of pub staff. All other costs are our responsibility.

   As a consequence of this change, we aim to realise a number of benefits consistent with those experienced during the successful 'trial phase' with the 63 pubs we currently operate under this model:

   - Sustained increase in revenue and volume;
   - Increased profitability - we target an annual profit improvement of £10,000 per pub;
   - Improved retailer stability;
   - Better quality retailers; and
   - Improved consumer appeal and competitive position for the pub.

   In rolling out the Retail Agreement we expect to invest an average of around £50,000 per pub.

2. The remaining estate of approximately 1,000 pubs will continue to be operated under longer term lease agreements. The majority already operate under such agreements; however, in a major change, we will offer licensees the opportunity to buy beer, wines and spirits from Marston's at the same prices available to our free trade customers.

   This plan follows a successful trial of the Advance agreement, which introduced free trade reference pricing in return for an additional payment. A significant benefit of the Advance agreement, compared to other similar 'high discount' agreements on the market, is that it is structured to provide an immediate cash benefit to the licensee. This can be invested in the business by the licensee to drive growth.

   Licensees taking this agreement will be able to compete more effectively with the free trade market and will enjoy complete pricing transparency.

3. We will also introduce free-of-tie options for licensees (including the machine tie) although we do not expect the take up of these to be significant.

4. We anticipate the disposal of around 60 pubs from the estate over the next 18 months.

The primary objective of these plans is to raise the consumer appeal of our pubs thus increasing market share by effectively responding to market trends. There are consequential benefits which arise: a reduction in overheads over the next two years; a reduction in the proportion of the Group's income which comes from the traditional tenanted and leased model; and a proactive response to the impact of continuing regulatory interest in the operation of the tenanted and leased model.

Marston's Inns and Taverns

Like-for-like sales for the first half year were 1.4% higher than last year, including food sales growth of 2.5% and wet sales up by 0.5%, both on the same like-for-like basis. This growth was achieved despite the weak economic environment and the VAT increase in January 2010, and reflects the strength and quality of our value for money offers in attractive pubs.

Machine income sales were 1.9% higher than last year on a like-for-like basis, benefiting from last year's increases in stakes and prizes and the introduction of 'cash in, ticket out' machines. Like-for-like room income increased by 1.1% with increased occupancy of 4.5% despite intense price competition in the budget hotel market.

The increase in operating margin, up 0.5% to 14.5%, reflects tight control of pricing and promotions, and good cost and estate management. Wet sales margins were down as a consequence of higher duty rates and higher cask ale mix. This is offset by an improvement in food margins driven by lower input costs, and menu development. Utility and labour costs were well controlled and contributed to the overall improvement.

Of our 491 managed pubs, around 76% are either community locals or pub-restaurants including food-led formats such as Two for One (91 outlets) and Milestone (39 outlets). Food sales now represent 39% of total sales in our managed pubs, 2% higher than last year, and we expect growth to continue as a consequence of market trends and the development of new pub-restaurants. In this first half year, we served around 11 million meals, up 5.4% compared to last year, outperforming a declining market.

Menu development, which has recently included refreshed menus, the introduction of new dishes such as deli-selection sandwiches, more 'light-bite' choices and a new dessert range, continues to differentiate our offers in a competitive market. Straightforward promotional offers such as 'Golden Greats', 'Curry Club' and 'Steak Night' continue to prove popular. Average spend per head remains stable at £6 and represents good value for money.

Our success with the development of our food offers is accompanied by growth in wet sales. We aim to offer our customers brand choice, quality and value in all drinks categories. Over the last year we have significantly improved our cask ale offer by encouraging managers – and customers – to decide which of Marston's wide range of cask beers to stock. This flexibility and the growth of our food business have contributed to the growth in cask ales.

Sales of non-alcoholic drinks including coffee and soft drinks are also in growth.

Our high street pubs and bars include 25 Pitcher & Piano bars. We have disposed of seven secondary leasehold sites in recent months, and we completed refurbishments at Cornhill, London; Islington, London; Newcastle; Birmingham; Winchester; Southampton; and Tunbridge Wells. The Pitcher & Piano business is now well invested with the majority of bars in good locations and either freehold (around 50%) or leasehold with sustainable rents.

Marston's Pub Company

The 4.5% decline in like-for-like profit reflects an improving trend as a consequence of the actions we have taken to stabilise trading in smaller pubs. The majority of pubs in the estate are outperforming the market, with pubs on substantive agreements in like-for-like profit growth, and performance measurements including rents; concessions; bad debt costs; and closed pubs have all improved compared to last year.

In addition to introducing new agreements as described above, we have maintained tenanted support at a similar level to last year and have introduced a range of volume building promotional incentives to support licensees. These innovations have had a clear impact: 83% of our tenanted and leased pubs are let under substantive agreements (2009: 80%).

We have increased the range of business support measures which allow licensees to benefit from Group buying terms: these now include food ordering; waste recycling; and direct delivery (by the Marston's distribution team) of pub consumables and snacks. We have held prices of our own-brewed ales and sought to minimise the impact of price increases notified to us by other brewers. In addition, drinks portfolio reviews have been carried out to ensure that licensees can choose brands with a range of prices. Our national Trade

Shows provide a forum for licensees to meet different suppliers and hear about business development ideas as well as introducing prospective licensees to Marston's.

The proposed changes to the operation of our tenanted and leased pub operations will enable us further to improve the performance of this high quality estate and to benefit from the improving perception of pubs as leisure venues. We do not shy away from disposing of pubs which are not capable of meeting high customer standards; similarly we do not sell pubs at under-value as an easy solution to operational challenges.

Following the report by the Business, Innovations and Skills Committee, Marston's Pub Company intends to make such amendments as are necessary to comply with the UK Pub Industry Framework Code of Practice for Tied Tenanted and Leased Pubs by June 2011. We introduced initiatives such as rent review panels and plain English agreements several years ago, and welcome the opportunity to make our agreements even more transparent.

Marston's Beer Company

Marston's Beer Company had a strong first half year despite the challenging UK beer market. Although volumes sold to other pub companies have fallen in line with the market, our performances in the independent free trade and take home market have seen our brands increase market share.

Overall volumes were in line with last year, with premium ale volumes 4% up. Our share of the UK premium ale market is now 23.1% (source: British Beer & Pub Association (BBPA)). In take home, volume increased by 8% taking our share of the premium bottled ale market to 24.4% (source: BBPA).

This good performance reflects growth in the independent free trade. Our 'localness' strategy delivered excellent growth for our regional beers: Jennings (up 9%); Ringwood (up 15%); and Wychwood (up 9%) all significantly outperformed the market. Our performance has been further helped by our 'business solutions' approach to selling – in addition to a wide range of excellent regional ales and national lager brands we offer in-house distribution and a similar level of business support initiatives to that available to tenants and lessees.

As previously announced, we have developed and launched a new cask beer technology - fast**cask**™ - which makes it easier to keep and serve high quality cask beer. The initial market response has been promising, and we believe that fast**cask**™ presents a medium term growth opportunity.

The recently announced contract for us to brew Tetley cask beer for Carlsberg will commence in 2011 and will contribute towards improved capacity utilisation next year. Winning this contract further demonstrates the benefits of our traditional brewing methods, our commitment to quality, and our brewing credentials in respect of our own portfolio and other contracted brands.

Corporate and Social Responsibility

In November 2009 the Jennings Brewery was closed as a consequence of the severe flooding which affected Cockermouth and the Lake District. The Jennings team responded magnificently, and the brewery is now back in full production, having raised around £180,000 for the flood relief fund. Jennings Brewery was awarded the Corporate and Social Responsibility Award at the recent Publican awards in recognition of its efforts.

We continue to improve energy management and monitoring. We recently achieved the Carbon Trust Standard, have installed hourly electricity meters at the majority of our sites, and are in the process of preparing our registration for the Carbon Reduction Commitment.

Elements of the Mandatory Code on Alcohol Retailing, including prohibitions on irresponsible promotions, became effective on 1 April 2010. These have been implemented across our managed pub estate and advised to tenants and lessees.

Marston's supports Drinkaware, an independent UK-wide charity, with the aim of changing the UK's drinking habits for the better. The charity is supported by voluntary donations from across the drinks industry to equip people with the knowledge they need to make decisions about how much they drink.

Ralph Findlay
Chief Executive
20 May 2010

Financial Review

	Revenue		Underlying operating profit (see note 2)		Margin	
	2010	2009	**2010**	2009	**2010**	2009
	£m	£m	**£m**	£m	**%**	%
Marston's Inns and Taverns	**175.4**	173.7	**25.5**	24.3	**14.5**	14.0
Marston's Pub Company	**82.2**	86.3	**38.5**	40.3	**46.8**	46.7
Marston's Beer Company	**51.6**	47.5	**7.2**	7.1	**14.0**	14.9
Marston's Group Services	**-**	-	**(5.7)**	(6.3)	**(1.8)**	(2.0)
	309.2	307.5	**65.5**	65.4	**21.2**	21.3

Overview

These interim results reflect a strong performance despite the challenging trading environment, with both revenue and profit returning to growth. Revenue has risen by 0.6% to £309.2million, driven by increases in both Marston's Inns and Taverns and Marston's Beer Company.

Underlying operating profit of £65.5 million was up 0.2% on the prior period, largely as a result of higher revenue, and underlying earnings per share were 3.8 pence per share (2009 restated: 5.8 pence per share). Earnings per share after exceptional items were 3.6 pence per share (2009 restated: 3.5 pence per share).

Prior year earnings per share and dividends per share have been restated for the bonus element of the rights issue completed in July 2009.

Margin

The underlying operating margin of the Group was just 0.1% below last year at 21.2%, with an increased operating margin in Marston's Inns and Taverns driven by improved food and utility costs. This was offset by lower margins in Marston's Beer Company due to the continued change in the sales mix towards the off-trade.

Dividend

The Board has declared an interim dividend of 2.1 pence per share, representing a cash outflow of £12.0 million.

Cash flow

The business continues to be highly cash generative with EBITDA of £85.5 million and net cash inflow from operating activities of £81.3 million in the period. The cash inflow from operating activities is £27.8 million above last year. This is primarily due to tighter working capital management, together with net tax being an inflow in the period following the receipt of cash in respect of prior years.

Capital expenditure

Capital expenditure for the first half year was £38.7million (2009: £31.7 million), and is expected to be around £85 million for the year as a whole (2009: £56.1million), mainly due to the increase in expenditure on new-build development. Maintenance spend is broadly unchanged versus last year.

Disposals

Proceeds of around £6 million were received from the disposal of 22 pubs and other properties.

Debt financing

In 2009 we announced that we had extended our bank facility, removing any need for short term refinancing. The facility will be £295 million in August 2010, in line with the Group's requirements. The amount drawn down under the current bank facility as at 3 April 2010 was £93 million.

At the half year, virtually all debt is effectively at fixed rates of interest, with a blended cost of debt of approximately 6.7%. The new bank facility, together with the Group's securitisation of approximately £1.1 billion and strong cash flow, provides a secure and flexible medium term debt profile.

Net debt at 3 April 2010 was £1,108.8 million, compared to £1,099.3 million at 3 October 2009, an increase of £9.5million (2009: £28.8 million). Although the nature of the Group's cash flow is such that, historically, net debt has increased in the first half year, more stringent working capital management and tax receipts have contributed to debt being in line with internal targets.

Exceptional items

The exceptional finance cost of £1.5 million reflects a non-cash charge for the movement in fair value of certain interest rate swaps, partially offset by a £0.4 million related deferred tax credit. Although all of the Group's interest rate swaps are held to match existing floating rate borrowings of the Group, certain swaps do not meet the strict accounting definition to qualify for hedge accounting. This results in fair value movements on those swaps being accounted for within the income statement as an exceptional item.

Taxation

The underlying rate of taxation (before exceptional items) has increased slightly from 21.3% in 2009 to 21.6% in 2010.

Pensions

At the half year on an IAS 19 basis, excluding the positive impact of the £10 million of additional contributions to the Marston's PLC Pension and Life Assurance Scheme, the pension scheme deficit was broadly unchanged from the year end position.

During the period we have concluded a consultation process whereby the rate for future accrual will be increased to 80^{ths} from the current 60^{ths} basis, and the retirement age from which discretionary actuarial reduction will not be applied will be increased from 60 to 61. The primary purpose of this action is to mitigate the risk of exposure to future pension liabilities and reduce the operating pension costs in future years.

Andrew Andrea
Finance Director
20 May 2010

Independent review report to Marston's PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the Interim Report for the 26 weeks ended 3 April 2010, which comprises the Group Income Statement, the Group Statement of Comprehensive Income, the Group Cash Flow Statement, the Group Balance Sheet, the Group Statement of Changes in Equity and related notes. 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 condensed set of financial statements.

Directors' responsibilities

The Interim Report 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 Services Authority.

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

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements 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 the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, 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.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Interim Report for the 26 weeks ended 3 April 2010 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 Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
Birmingham
20 May 2010

Responsibility Statement of the Directors in respect of the Interim Report

We confirm to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union.

- The interim management report includes a fair review of the information required by:

  - DTR 4.2.7R of the Disclosure and Transparency Rules, being 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 year; and

  - DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during the period; and any changes in the related party transactions described in the last Annual Report that could do so.

By order of the Board:

Ralph Findlay	**Andrew Andrea**
Chief Executive	Finance Director
20 May 2010	

GROUP INCOME STATEMENT (UNAUDITED)

for the 26 weeks ended 3 April 2010

	Note	**26 weeks to 3 April 2010** Before exceptional items £m	Exceptional items £m	Total £m	26 weeks to 4 April 2009 Before exceptional items £m	Exceptional items £m	Total £m	52 weeks to 3 October 2009 Total £m
Revenue	2	**309.2**	**-**	**309.2**	307.5	-	307.5	645.1
Operating expenses		**(243.7)**	**-**	**(243.7)**	(242.1)	-	(242.1)	(534.7)
Operating profit	2	**65.5**	**-**	**65.5**	65.4	-	65.4	110.4
Finance costs	4	**(38.1)**	**-**	**(38.1)**	(38.5)	-	(38.5)	(78.0)
Finance income	4	**0.4**	**-**	**0.4**	0.8	-	0.8	0.9
Movement in fair value of interest rate swaps	3, 4	**-**	**(1.5)**	**(1.5)**	-	(12.0)	(12.0)	(11.9)
Net finance costs	4	**(37.7)**	**(1.5)**	**(39.2)**	(37.7)	(12.0)	(49.7)	(89.0)
Profit before taxation		**27.8**	**(1.5)**	**26.3**	27.7	(12.0)	15.7	21.4
Taxation	5	**(6.0)**	**0.4**	**(5.6)**	(5.9)	3.4	(2.5)	(5.0)
Profit for the period attributable to equity shareholders		**21.8**	**(1.1)**	**20.7**	21.8	(8.6)	13.2	16.4

All results relate to continuing operations.

Earnings per share:

	Note	26 weeks to 3 April 2010	26 weeks to 4 April 2009 As restated	52 weeks to 3 October 2009
Basic earnings per share	6	**3.6p**	3.5p	3.9p
Basic earnings per share before exceptional items	6	**3.8p**	5.8p	13.4p
Diluted earnings per share	6	**3.6p**	3.5p	3.9p
Diluted earnings per share before exceptional items	6	**3.8p**	5.7p	13.3p

GROUP STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the 26 weeks ended 3 April 2010

	26 weeks to 3 April 2010 £m	26 weeks to 4 April 2009 £m	52 weeks to 3 October 2009 £m
Profit for the period	**20.7**	13.2	16.4
Gains/(losses) arising on cash flow hedges	**6.6**	(41.3)	(39.3)
Actuarial losses on retirement benefits	**-**	-	(7.6)
Unrealised surplus on revaluation of properties	**2.3**	-	3.0
Reversal of past revaluation surplus	**(1.3)**	(42.0)	(43.9)
Tax relating to components of other comprehensive income/(expense)	**(0.7)**	10.8	18.4
Other comprehensive income/(expense) for the period	**6.9**	(72.5)	(69.4)
Total comprehensive income/(expense) for the period	**27.6**	(59.3)	(53.0)

GROUP CASH FLOW STATEMENT (UNAUDITED)

for the 26 weeks ended 3 April 2010

	Note	**26 weeks to 3 April 2010 £m**	26 weeks to 4 April 2009 £m	52 weeks to 3 October 2009 £m
Operating activities				
Operating profit before exceptional items		**65.5**	65.4	147.4
Exceptional operating items		**-**	-	(37.0)
Depreciation and amortisation		**20.0**	22.3	44.4
EBITDA*		**85.5**	87.7	154.8
Working capital and non-cash movements		**0.2**	(19.6)	15.7
Difference between defined benefit pension contributions paid and amounts charged		**(11.0)**	(10.5)	(11.2)
Income tax received/(paid)		**6.6**	(4.1)	(12.0)
Net cash inflow from operating activities		**81.3**	53.5	147.3
Investing activities				
Interest received		**0.5**	1.1	1.4
Sale of property, plant and equipment and assets held for sale		**5.9**	13.5	26.0
Purchase of property, plant and equipment and intangible assets		**(38.7)**	(31.7)	(56.1)
Movement in other non-current assets		**1.4**	1.3	2.8
Acquisition of subsidiaries, net of cash acquired		**-**	(5.3)	(5.3)
Net cash outflow from investing activities		**(30.9)**	(21.1)	(31.2)
Financing activities				
Equity dividends paid		**(21.0)**	(22.9)	(35.9)
Net proceeds of rights issue		**-**	-	165.6
Interest paid		**(37.4)**	(36.5)	(73.7)
Arrangement costs of new bank facilities		**-**	(5.0)	(5.0)
Repayment of securitised debt		**(9.3)**	(8.8)	(18.2)
Advance of bank loans		**-**	31.0	-
Repayment of bank loans		**(32.0)**	-	(109.0)
Repayment of loan notes		**(0.6)**	(1.4)	(3.0)
Capital element of finance leases repaid		**-**	(0.1)	(0.1)
Net cash outflow from financing activities		**(100.3)**	(43.7)	(79.3)
Net (decrease)/increase in cash and cash equivalents	8	**(49.9)**	(11.3)	36.8
Reconciliation of net cash flow to movement in net debt				
(Decrease)/increase in cash and cash equivalents in the period	8	**(49.9)**	(11.3)	36.8
Cash outflow/(inflow) from movement in debt		**41.9**	(20.7)	130.3
Change in debt resulting from cash flows	8	**(8.0)**	(32.0)	167.1
Net debt acquired with subsidiaries		**-**	(0.3)	(0.3)
Non-cash movements and deferred issue costs	8	**(1.5)**	3.5	2.0
Movement in net debt in the period		**(9.5)**	(28.8)	168.8
Net debt at beginning of the period	8	**(1,099.3)**	(1,268.1)	(1,268.1)
Net debt at end of the period	8	**(1,108.8)**	(1,296.9)	(1,099.3)

* EBITDA – Earnings before interest, tax, depreciation and amortisation

GROUP BALANCE SHEET (UNAUDITED)

as at 3 April 2010

	Note	**3 April 2010 £m**	4 April 2009 £m	3 October 2009 £m
Assets				
Non-current assets				
Goodwill		**224.2**	224.2	224.2
Other intangible assets		**23.7**	23.7	23.9
Property, plant and equipment	7	**1,907.5**	1,925.8	1,894.4
Deferred tax assets		**56.9**	61.5	59.4
Other non-current assets		**20.5**	23.4	21.9
Derivative financial instruments		**-**	-	0.1
		2,232.8	2,258.6	2,223.9
Current assets				
Inventories		**18.9**	17.7	17.3
Assets held for sale		**19.3**	20.6	19.5
Trade and other receivables		**82.6**	81.5	79.3
Cash and cash equivalents	8	**48.7**	71.5	91.3
		169.5	191.3	207.4
Liabilities				
Current liabilities				
Borrowings	8	**(29.1)**	(51.0)	(21.4)
Derivative financial instruments		**(17.6)**	(16.2)	(16.1)
Trade and other payables		**(114.0)**	(111.5)	(109.6)
Current tax liabilities		**(30.1)**	(24.4)	(24.0)
		(190.8)	(203.1)	(171.1)
Non-current liabilities				
Borrowings	8	**(1,132.7)**	(1,321.7)	(1,173.5)
Derivative financial instruments		**(70.3)**	(78.9)	(77.0)
Pension commitments		**(24.5)**	(27.8)	(35.3)
Deferred tax liabilities		**(177.6)**	(188.0)	(173.3)
Other non-current liabilities		**(0.7)**	(0.6)	(0.7)
Provisions for other liabilities and charges		**(15.8)**	(5.3)	(17.2)
		(1,421.6)	(1,622.3)	(1,477.0)
Net assets		**789.9**	624.5	783.2
Shareholders' equity				
Equity share capital		**44.3**	22.3	44.3
Share premium account		**332.5**	188.9	332.5
Merger reserve		**41.5**	41.5	41.5
Revaluation reserve		**397.1**	391.3	396.0
Capital redemption reserve		**6.8**	6.8	6.8
Hedging reserve		**(50.6)**	(56.8)	(55.4)
Own shares		**(130.9)**	(130.9)	(130.9)
Foreign exchange reserve		**0.2**	0.2	0.2
Retained earnings		**149.0**	161.2	148.2
Total equity		**789.9**	624.5	783.2

GROUP STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the 26 weeks ended 3 April 2010

	Equity share capital £m	Share premium account £m	Merger reserve £m	Revaluation reserve £m	Capital redemption reserve £m	Hedging reserve £m	Own shares £m	Foreign exchange reserve £m	Retained earnings £m	Total equity £m
At 4 October 2009	44.3	332.5	41.5	396.0	6.8	(55.4)	(130.9)	0.2	148.2	783.2
Share-based payments	-	-	-	-	-	-	-	-	0.1	0.1
Cash flow hedges	-	-	-	-	-	6.6	-	-	-	6.6
Tax on cash flow hedges	-	-	-	-	-	(1.8)	-	-	-	(1.8)
Property revaluation	-	-	-	2.3	-	-	-	-	-	2.3
Property impairment	-	-	-	(1.3)	-	-	-	-	-	(1.3)
Deferred tax on properties	-	-	-	1.1	-	-	-	-	-	1.1
Disposal of properties	-	-	-	(1.0)	-	-	-	-	1.0	-
Profit for the period	-	-	-	-	-	-	-	-	20.7	20.7
Dividends paid	-	-	-	-	-	-	-	-	(21.0)	(21.0)
At 3 April 2010	44.3	332.5	41.5	397.1	6.8	(50.6)	(130.9)	0.2	149.0	789.9

for the 26 weeks ended 4 April 2009

	Equity share capital £m	Share premium account £m	Merger reserve £m	Revaluation reserve £m	Capital redemption reserve £m	Hedging reserve £m	Own shares £m	Foreign exchange reserve £m	Retained earnings £m	Total equity £m
At 5 October 2008	22.3	188.9	41.5	436.1	6.8	(27.1)	(134.5)	0.2	172.7	706.9
Share-based payments	-	-	-	-	-	-	-	-	(0.2)	(0.2)
Cash flow hedges	-	-	-	-	-	(41.3)	-	-	-	(41.3)
Tax on cash flow hedges	-	-	-	-	-	11.6	-	-	-	11.6
Property impairment	-	-	-	(42.0)	-	-	-	-	-	(42.0)
Deferred tax on properties	-	-	-	(0.8)	-	-	-	-	-	(0.8)
Disposal of properties	-	-	-	(2.0)	-	-	-	-	2.0	-
Cancellation of own shares	-	-	-	-	-	-	3.6	-	(3.6)	-
Profit for the period	-	-	-	-	-	-	-	-	13.2	13.2
Dividends paid	-	-	-	-	-	-	-	-	(22.9)	(22.9)
At 4 April 2009	22.3	188.9	41.5	391.3	6.8	(56.8)	(130.9)	0.2	161.2	624.5

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 2009, 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 2009 contain details of the new standards and interpretations now applicable to the Group. The impact of these new standards and interpretations is as follows:

- The adoption of the amendment to IFRS 2 'Share-based Payment' in respect of vesting conditions and cancellations requires the Group to take non-vesting conditions into account when determining the fair value of its share-based payments. In addition, all cancellations of share-based payments, whether by the Group or by employees, are accounted for in an identical manner and require the immediate acceleration of any costs unrecognised at the date of cancellation. This amendment applies retrospectively, but the impact on previous years has been assessed as immaterial and hence no prior year adjustment has been recorded.
- The adoption of IFRS 8 'Operating Segments' requires the Group to present segment information on the same basis as that used for internal reporting purposes. There are no changes to the segments previously presented, as the operating segments set out in note 2 are consistent with the internal reporting provided to the chief operating decision-maker. For the purposes of IFRS 8 the chief operating decision-maker has been identified as the Executive Directors.
- The adoption of the revised IAS 1 'Presentation of Financial Statements' requires the Group to present a Statement of Comprehensive Income (rather than a Statement of Recognised Income and Expense) and a Statement of Changes in Equity.

The financial information for the 52 weeks ended 3 October 2009 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 3 April 2010 and the comparatives to 4 April 2009 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 (IASB), but not yet applicable, will have a significant impact on the financial statements for the 52 weeks ending 2 October 2010.

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 Segmental analysis

			3 April 2010			
	Marston's Inns and Taverns £m	**Marston's Pub Company £m**	**Marston's Beer Company £m**	**Marston's Group Services £m**	**Unallocated £m**	**Group £m**
Revenue	**175.4**	**82.2**	**66.9**	**-**	**-**	**324.5**
Less: Sales to other segments	**-**	**-**	**(15.3)**	**-**	**-**	**(15.3)**
	175.4	**82.2**	**51.6**	**-**	**-**	**309.2**
Operating profit before exceptional items	**25.5**	**38.5**	**7.2**	**(5.7)**	**-**	**65.5**
Exceptional items	**-**	**-**	**-**	**-**	**-**	**-**
Operating profit	**25.5**	**38.5**	**7.2**	**(5.7)**	**-**	**65.5**
Total assets	**960.2**	**1,108.0**	**188.2**	**36.0**	**109.9**	**2,402.3**
Net assets	**900.3**	**1,089.1**	**151.0**	**21.5**	**(1,372.0)**	**789.9**

			4 April 2009			
	Marston's Inns and Taverns £m	Marston's Pub Company £m	Marston's Beer Company £m	Marston's Group Services £m	Unallocated £m	Group £m
Revenue	173.7	86.3	61.5	-	-	321.5
Less: Sales to other segments	-	-	(14.0)	-	-	(14.0)
	173.7	86.3	47.5	-	-	307.5
Operating profit before exceptional items	24.3	40.3	7.1	(6.3)	-	65.4
Exceptional items	-	-	-	-	-	-
Operating profit	24.3	40.3	7.1	(6.3)	-	65.4
Total assets	962.4	1,117.9	192.1	40.2	137.3	2,449.9
Net assets	920.5	1,096.2	161.7	16.8	(1,570.7)	624.5

Operating profit before exceptional items is a key measure of profitability used by the chief operating decision-maker.

Unallocated comprises net debt, tax, derivatives and pension commitments.

NOTES

3 Exceptional items

	3 April 2010 £m	4 April 2009 £m
Non-operating items		
Movement in fair value of interest rate swaps	**1.5**	12.0

The interest rate swaps are revalued to fair value at each balance sheet date and the movement is recognised in the income statement unless hedge accounting is applied. The movement of £1.5 million (2009: £12.0 million) in the fair value of interest rate swaps, where hedge accounting has not been applied, is shown as an exceptional item. In addition to this, £6.6 million (2009: £(41.3) 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 in cash flow hedges.

The deferred tax credit relating to the above exceptional items amounts to £0.4 million (2009: £3.4 million).

4 Finance costs and income

	3 April 2010 £m	4 April 2009 £m
Finance costs		
Bank borrowings	**6.0**	5.9
Securitised debt	**30.9**	31.5
Other interest payable	**0.9**	0.6
Net finance cost in respect of retirement benefits	**0.3**	0.5
	38.1	38.5
Exceptional finance costs		
Movement in fair value of interest rate swaps	**1.5**	12.0
Total finance costs	**39.6**	50.5
Finance income		
Deposit and other interest receivable	**(0.4)**	(0.8)
Total finance income	**(0.4)**	(0.8)
Net finance costs	**39.2**	49.7

5 Taxation

The taxation charge for the 26 weeks ended 3 April 2010 has been calculated by applying an estimate of the effective tax rate before exceptional items for the 52 weeks ending 2 October 2010 (approximately 21.6%) (26 weeks ended 4 April 2009: approximately 21.3%).

	3 April 2010 £m	4 April 2009 £m
Current tax	**(0.5)**	7.0
Deferred tax	**6.1**	(4.5)
	5.6	2.5

The tax charge includes a deferred tax credit of £0.4 million (2009: £3.4 million), relating to the tax on exceptional items (note 3).

NOTES

6 Earnings per ordinary share

	3 April 2010 Earnings £m	3 April 2010 Weighted average number of shares m	3 April 2010 Per share amount p	As restated 4 April 2009 Earnings £m	As restated 4 April 2009 Weighted average number of shares m	As restated 4 April 2009 Per share amount p
Basic earnings per share	**20.7**	**569.2**	**3.6**	13.2	376.7	3.5
Diluted earnings per share	**20.7**	**570.9**	**3.6**	13.2	379.5	3.5
Underlying earnings per share figures						
Basic earnings per share before exceptional items	**21.8**	**569.2**	**3.8**	21.8	376.7	5.8
Diluted earnings per share before exceptional items	**21.8**	**570.9**	**3.8**	21.8	379.5	5.7

Basic earnings per share are calculated by dividing the profit attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period, excluding treasury shares and those held in the Executive Share Option Plan and the Long Term Incentive Plan.

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 items. The Directors consider that the supplementary figures are a useful indicator of performance.

The weighted average number of ordinary shares in issue in the period to 4 April 2009 has been adjusted retrospectively for the bonus element of the rights issue completed in July 2009.

7 Property, plant and equipment

	£m
Net book amount at 4 October 2009	1,894.4
Additions	38.2
Net transfers to assets held for sale and disposals	(6.0)
Depreciation, impairment and other movements	(19.1)
Net book amount at 3 April 2010	**1,907.5**

	£m
Net book amount at 5 October 2008	1,975.9
Additions	30.5
Net transfers to assets held for sale and disposals	(17.3)
Depreciation, impairment and other movements	(63.3)
Net book amount at 4 April 2009	1,925.8

Depreciation, impairment and other movements includes impairments of £1.7 million (2009: £42.2 million) of which £1.3 million (2009: £42.0 million) reflects the reversal of previous upwards valuations, and £0.4 million (2009: £0.2 million) has been taken to the income statement. The impairments in the prior period predominantly related to tenanted pubs let on non-substantive agreements and certain managed high street pubs.

NOTES

8 Analysis of net debt

	3 April 2010 £m	Cash flow £m	Non-cash movements and deferred issue costs £m	3 October 2009 £m
Cash and cash equivalents				
Cash at bank and in hand	**48.7**	(42.6)	-	91.3
Bank overdraft	**(7.3)**	(7.3)	-	-
	41.4	(49.9)	-	91.3
Trade and other receivables				
Prepaid issue costs	**4.3**	-	-	4.3
	4.3	-	-	4.3
Debt due within one year				
Loan notes	**(4.8)**	0.6	-	(5.4)
Bank loans	**0.3**	-	(0.4)	0.7
Securitised debt	**(17.3)**	9.3	(9.9)	(16.7)
	(21.8)	9.9	(10.3)	(21.4)
Debt due after one year				
Bank loans	**(92.8)**	32.0	0.2	(125.0)
Securitised debt	**(1,039.8)**	-	8.6	(1,048.4)
Preference shares	**(0.1)**	-	-	(0.1)
	(1,132.7)	32.0	8.8	(1,173.5)
	(1,108.8)	(8.0)	(1.5)	(1,099.3)

Included within cash at bank and in hand is an amount of £3.9 million (at 3 October 2009: £3.9 million), which relates to a letter of credit with Royal Sun Alliance and is considered to be restricted cash.

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

Prepaid issue costs are in respect of the extension to the Group's bank facility that was concluded during the prior period.

Bank loans due within one year represent unamortised issue costs expected to be charged to the income statement within 12 months of the balance sheet date.

9 Material transactions

Additional contributions of £10.0 million (26 weeks ended 4 April 2009: £10.0 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 2009: none).

10 Capital commitments

Capital expenditure authorised and committed at the period end but not provided for in this interim financial information was £9.1 million (at 3 October 2009: £7.4 million).

11 Contingent liabilities

There have been no material changes to contingent liabilities since 3 October 2009.

12 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.

13 Events after the Balance Sheet date

An interim dividend of £12.0 million, being 2.10p (2009: 3.44p*) per ordinary share, has been proposed and will be paid on 30 June 2010 to those shareholders on the register at the close of business on 4 June 2010. This interim financial information does not reflect this dividend payable.

* The prior period dividend per share has been adjusted retrospectively for the impact of the rights issue completed in July 2009.

After the period end the Group was advised by HM Revenue & Customs that a repayment was to be made to the Group in respect of overpayments of VAT on gaming machines. The net repayment was £5.0 million, of which £4.2 million has been received. This repayment is part of an industry-wide ongoing legal process and remains contingent on the final outcome of that legal process.

NOTES

14 Interim results
The interim results were approved by the Board on 20 May 2010.

15 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, Marston's House, Brewery Road, Wolverhampton, WV1 4JT.