3 December 2003

THE WOLVERHAMPTON & DUDLEY BREWERIES, PLC
PRELIMINARY RESULTS FOR THE 52 WEEKS ENDED 27 SEPTEMBER 2003

- Record underlying* earnings per share of 68.9p, up 10.1% (basic eps 53.0p, up 5.6%)
- Dividend raised 10.1% to 32.1p per share
- Underlying operating margin improved from 21.6% to 22.1%
- Underlying profit before taxation £73.1 million (2002: £74.0 million), reflecting cash returns (profit before taxation and after goodwill and exceptionals £59.6 million, up 1.5%)
- £7.5 million returned to shareholders through continuing buy-back programme
- Pathfinder Pubs total like-for-like sales up 3.6%
- Continuing returns of over 20% on investment in proven retail formats
- The Union Pub Company like-for-like sales up 2.7%
- WDB Brands return on capital increased from 22.7% to 25.5%
- Continued like-for-like sales growth in current year: total up 5.0% in the Union Pub Company and 3.1% in Pathfinder Pubs

Ralph Findlay, Chief Executive, comments

"The increases in like-for-like sales in Pathfinder Pubs and The Union Pub Company were amongst the best in the industry … We have had a good start to the new financial year. Having established a strong position in our core businesses, we now aim to invest more in new pubs, sites and refurbishments that fit our business model. Our objective is to continue improving the quality of our pubs and brands and our return on capital, thereby delivering value for shareholders."

* Our underlying results reflect the performance of the Group before goodwill amortisation and exceptionals. The Directors consider these figures provide a useful indication of the underlying performance of the Group.

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To access interviews with Ralph Findlay and Paul Inglett, available in video, audio and text, go to www.cantos.com. High quality images for the media to access and download free of charge are available from Visual Media Online at www.vismedia.co.uk

CHAIRMAN'S STATEMENT

The Company has achieved another year of strong performance. We have made excellent progress in implementing our strategic plans and have demonstrated good performance in terms of like-for-like sales, margins, return on capital and free cash flow.

Results

Turnover of £490.5 million was £15.1 million below last year as a consequence of transferring managed pubs to lease and completing the rationalisation of WDB Brands. Underlying operating margins increased by 0.5% to 22.1% and return on capital was maintained at 12.6%. Against a background of intense competition and price discounting, this strong performance contributed to a 10.1% increase in underlying earnings per share to 68.9 pence per share.

Dividend

The Board proposes a final dividend of 21.2 pence per share, which brings the total net dividend for the year to 32.1 pence per share. The year-on-year increase in dividend is 10.1%, reflecting our underlying growth in earnings per share and our recognition that cash dividends are an important part of the overall return achieved by investors. Our approach to dividends has been consistent over a 30 year period.

The final dividend, if approved, will be paid on 30 January 2004 to those shareholders on the register at the close of business on 5 January 2004.

Outlook

We believe that this good result is the product of a clear, well thought-through strategy, correctly positioned businesses and strong operational management. Our strategy, which is set out in detail in the Chief Executive's Review, includes a continuing focus on freehold community pubs and high quality ale brands. Ours is a cash-generative business, enabling us to operate an ongoing share buy-back programme. We bought back and cancelled 1.2 million shares at a cost of £7.5 million in this financial year and a further 0.7 million shares at a cost of £4.7 million since the year end. We have now returned £138 million to shareholders in the last two years.

The market remains competitive and is mature. These factors are likely to ensure that consolidation of pubs, breweries and beer brands will continue. We believe that consumer trends and the need to comply with more stringent legislation will, in the long run, favour good quality, well-positioned businesses such as ours. In the meantime, we are encouraged by the robustness of our trading platform, as demonstrated by these results.

David Thompson
Chairman

CHIEF EXECUTIVE'S REVIEW

This year we are again able to report good progress towards our basic objectives: continuous improvement in the quality of our pub and brands businesses, increased margins and growing earnings per share. At the same time, the increases in like-for-like sales in Pathfinder Pubs and The Union Pub Company were amongst the best in the industry.

Business structure and strategy

Our philosophy is straightforward: we aim to develop and operate good quality community based pubs and to market and sell high quality ale brands. This market positioning is deliberately mainstream, focusing on venues and products with a broad consumer appeal.

Whether our pubs are managed, tenanted or leased will depend upon their individual characteristics, allowing us to take a pub-by-pub approach in deciding which is the most suitable and profitable means of operation. Pathfinder Pubs, The Union Pub Company and WDB Brands are managed independently, but within a corporate structure that gives us flexibility in our approach both to existing operations and potential acquisitions and also reduces risk.

Such flexibility is particularly helpful in a period of rising regulatory and other operating costs, for example enabling us to reduce overheads and increase profit by transferring 104 smaller managed pubs to lease in September 2002. We have also made savings in brewing and logistics through restructuring and improved procurement.

Our community-based business has intrinsic strengths. Whereas the high street sector has suffered as a consequence of low barriers to entry, over-investment and lack of differentiation, community pubs enjoy a degree of protection through licensing and planning laws. On balance, we believe that our relative competitive position should be enhanced by forthcoming licensing reform.

We have a long-held preference for freehold pubs. The fact that 97% by value of our estate is freehold or long leasehold means future capital appreciation will accrue to our shareholders and will minimise exposure to rent increases.

Investment in pubs, brands and people is a vital part of our approach. This year, capital expenditure was £47.9 million, of which £37.3 million was invested in pubs. The high returns we are achieving demonstrate that there continue to be good opportunities to create real value from our pub investment programmes.

Our strategy is to use the strong cash flow of the business to enhance returns. We aim to do so by ensuring that our existing pubs are well maintained and by considering acquisition opportunities as they arise. We also aim to maintain an efficient balance sheet and to operate an ongoing share buy-back programme, in addition to our progressive dividend policy.

Trading environment

The steady increase in margins and returns from our businesses has been achieved against a background of industry-wide rises in National Insurance contributions, pension fund payments and other employment costs, primarily as the result of legislation. Looking forward, we anticipate that the implementation of licensing reform will require additional expenditure of around £1 million during 2004 to ensure that we, our tenants and leaseholders are all prepared for the changes. The burden placed on the industry by legislation and regulation continues to increase. Our ability to make progress and increase margins despite these pressures provides evidence that the business is strongly positioned and in good health.

Pathfinder Pubs

Our managed pub business comprised 477 pubs at the year end, compared to 488 last year. Total like-for-like sales across the entire estate increased by 3.6%, and by 0.1% on an un-invested basis. This strong performance in a competitive market was helped by good summer weather and pub investment and is against comparatives which include the benefit of the Golden Jubilee and football World Cup in June 2002.

During the year, we refurbished 33 pubs in either the 'Bostin' Local' or 'Service That Suits Me' formats. Both these operating styles are based upon a simple proposition: well-sited pubs developed in a contemporary format with a strong emphasis on food and service.

We now have 86 'Bostin' Locals', with a further 75 targeted over the next two years as refurbishments from our existing estate. These modern community pubs offer top drinks brands and have a good, straightforward food menu, all with a value-for-money price platform. This offer, combined with a programme of events and promotions, has contributed to average turnover doubling compared to the pre-investment period. Food sales represent approximately 30% of turnover.

We have 20 'Service That Suits Me' pubs, and will target a further 20 over the next two years from our existing estate. 'Service That Suits Me' pubs have a higher price platform and higher food sales, representing 60% of turnover on average. They are sited in more affluent areas and are generally 'drive-to' community outlets, which give customers the option of ordering at the bar or enjoying full table service.

Investment in these two formats averages approximately £300,000, a significant reduction from the £450,000 per pub being invested at the start of the programme three years ago. The cost of conversions is continuing to fall as we learn more about the specific elements of refurbishment contributing to improved performance. In addition to boosting turnover this investment has generated an average cash return comfortably in excess of 20% to date.

Pitcher & Piano, whose 28 sites represent 6% of our total managed estate, has benefited from investment in new menus and improvements in operating standards, reflected in like-for-like food sales growth. More recently, three sites are trading successfully after a combined £1.2 million refurbishment programme, which will be extended to a further seven sites during 2004.

Overall the division's underlying operating margin increased from 20.5% to 21.0%, and return on capital from 12.6% to 12.8%. This was achieved through the transfer of 104 smaller managed pubs to lease in September 2002, the completion of a £6 million investment in electronic point of sale (EPOS) systems in March 2003, the negotiation of better buying terms, pricing and the increasing quality of our pubs.

Looking forward, the division faces significant cost increases as a consequence of the Government's decision to increase the national minimum wage by 7.1% to £4.50 per hour from 1 October 2003. We aim to offset this increase through continued development of the estate, by maximising the benefits from our investment in EPOS and by continuing to improve productivity. We will also benefit from our decision to improve the choice of top brand lagers sold in our pubs, as a consequence of which Heineken and Harp Irish Lager have been replaced by either Foster's or Carlsberg.

In addition to pub refurbishment, we are acquiring new sites for development as 'Bostin' Locals' or 'Service That Suits Me'. This offers the opportunity to extend our existing geographical boundaries through the roll-out of our proven formats and we currently have sites under, or earmarked for, development both within our existing trading area and in Kent and East Anglia.

The Union Pub Company

The tenanted and leased pub division comprised 1,131 pubs at the year end, compared to 1,142 last year.

Like-for-like turnover increased by 2.7%. This growth was achieved with the benefit of good summer weather, but also reflects the success of our drive to extend 21-year Open House leases across the business. The Open House Lease has been signed by 350 licensees attracted by the security of tenure and the high discounts offered.

Underlying operating margins were 1.5% lower than last year at 42.3%, as a result of the one-off operational costs arising in 2003 from transferring 104 smaller managed pubs to lease in September 2002. Return on capital was maintained at 14.2%.

The pub market is polarising as a result of evolving consumer tastes, demographic changes and the over-supply of pubs in the market. These changes are felt most keenly in weaker pubs and so we have sought to focus on improving the quality of our estate. Over the last four years we have sold 700 tenanted pubs and integrated 500 managed house transfers. We invested £12.2 million last year in refurbishments undertaken jointly with tenants and lessees and aim to maintain that investment this year. As a consequence, we have a high quality, freehold estate with sustainable income.

The Union Pub Company prides itself on taking the initiative to improve business for tenants, lessees and the Group. A recent survey highlighted the positive impact of some of the things we do differently, including our pioneering 'Plain English' approach to tenant and lease agreements. The discounts available to tenants are amongst the highest in the industry and we were the first to introduce a rent panel to ensure that the rent setting process is fair and transparent. This year we introduced a new package of 'Skill Pool' training support for tenants and lessees, developed to ensure that they are fully equipped with the necessary expertise to succeed in the pub business.

The Union Pub Company aims to grow through the extension of the Open House Lease to around 50% of pubs in the current estate, selective investment in partnership with tenants and lessees and the acquisition of pubs either singly or in packages.

WDB Brands

Our strategy has been to reduce the amount of capital employed in WDB Brands and focus on sustainable, quality business with a high return on capital. This strategy has been successful, with underlying operating margin up 0.5% to 17.4% and return on capital increasing to 25.5% from 22.7% last year.

The re-focusing of this business on high quality ale brands is now complete. The task now is to grow the business profitably and to build on the strong market positions held by Marston's Pedigree, Banks's and Mansfield.

There is a market opportunity for dedicated brewers of high quality ales. Although the beer market is mature and has been in overall decline at a rate of 2% to 3% per annum for many years, industry consolidation offers opportunities to target real growth. There is also greater scope to compete for supply to the 'pubco' sector of the market, historically tied to parent brewers. The keys to achieving that growth are brand development, innovation, customer relationships and service.

This year, we strengthened our beer portfolio with the introduction of Marston's Old Empire, a 5.7% abv classic India Pale Ale (IPA). We introduced a new marketing campaign for Marston's Pedigree based around our 'Uncompromising' and 'Zero Tolerance' approach to the quality of the brand. The Pedigree campaign, together with the launch of keg Pedigree last year, helped to increase market share from 8.5% to 10.3% in the on-trade. In the latest quarter, the market share of Pedigree overtook Bass in the on-trade to become the number two premium ale in the country. We are in the process of reinforcing the Banks's brand with new fonts and pump clip designs to provide a more contemporary image.

This coming year, we plan to make a £2 million investment in the brewhouse and refrigeration plant at the Burton brewery, which will help to increase operating efficiency further. We have already strengthened the management team with key appointments in sales, marketing and finance and believe that WDB Brands is well positioned to benefit from future opportunities in the beer market.

Prospects

We have had a good start to the new financial year. In the 8 weeks to 22 November 2003 total like-for-like sales in The Union Pub Company increased by 5.0% and across the entire Pathfinder Pubs managed estate were 3.1% ahead of last year for the same period. Despite the cost pressures on our industry, we aim to maintain the improved margins we achieved last year through further investment in our pubs and beer brands and through increased efficiencies.

Our structure, community focus and largely freehold estate all clearly differentiate us from many of our competitors. Having established a strong position in our core businesses, we now aim to invest more in new pubs, sites and refurbishments that fit our business model. Our objective is to continue improving the quality of our pubs and brands and our return on capital, thereby delivering value for shareholders.

Ralph Findlay
Chief Executive

FINANCIAL REVIEW

Trading overview

	Turnover		Underlying operating profit (note 1)		Margin		Return on capital	
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002
	£m	£m	**£m**	£m	**%**	%	**%**	%
Pathfinder Pubs	**252.4**	278.0	**53.0**	56.9	**21.0**	20.5	**12.8**	12.6
The Union Pub Co.	**115.8**	97.2	**49.0**	42.6	**42.3**	43.8	**14.2**	14.2
WDB Brands	**122.3**	130.4	**21.3**	22.1	**17.4**	16.9	**25.5**	22.7
Central costs	**-**	-	**(15.1)**	(12.5)	**(3.1)**	(2.5)	**-**	-
Group	**490.5**	505.6	**108.2**	109.1	**22.1**	21.6	**12.6**	12.6

Like-for-like sales were strong in both pub divisions, although Group turnover declined by 3.0% to £490.5 million as a result of the loss of retail turnover from the 104 smaller managed pubs which transferred to lease in September 2002, and a net reduction in the number of pubs by 22 in 2003, and by 73 in 2002. Underlying operating profit fell by 0.8% (operating profit after goodwill and exceptionals £96.5 million, 2002: £91.4 million) as a result of this net reduction and a significant increase in central costs due to unavoidable higher insurance, pension and National Insurance costs.

Margins

Underlying operating margins increased in both Pathfinder Pubs and WDB Brands, and excluding the impact of the managed to lease transfers, were marginally ahead in the Union Pub Company, with the Group's operating margin increasing from 21.6% to 22.1%. This margin enhancement has been achieved despite the anticipated significant increases in central costs noted above.

Return on capital

Underlying return on capital improved in both Pathfinder Pubs and WDB Brands and was maintained in the Union Pub Company, despite absorbing £1.2 million of one-off costs relating to the transfer of 104 smaller pubs to lease during the year. The Group pre-tax return on capital was flat due to the impact of the increased central costs. Return on capital remains high on the agenda and we will continue to review the need to dispose of underperforming assets and transfer smaller managed pubs to lease.

Increasing cash returns to shareholders

Underlying earnings per share increased by 10.1% to 68.9 pence per share, notwithstanding a higher tax charge (basic eps 53.0p, up 5.6%). This earnings growth and the underlying strong and stable cash flow have supported the dividend increase of 10.1% to 32.1 pence per share. Our intention remains to increase dividends broadly in line with our earnings growth, whilst maintaining appropriate dividend cover.

We bought back 1.2 million shares at a cost of £7.5 million in the market during the year. Since the year end we have bought back a further 0.7 million shares at a cost of £4.7 million.

Strong cash flow

During the year we generated £76.9 million of free cash flow (after interest and tax). In addition, there were further cash inflows of £21.0 million from the disposal of 24 pubs and unlicensed property and a further reduction of £5.4 million in the Free Trade loan book and other investments.

After capital expenditure of £47.9 million, net debt was reduced in the year by £28.2 million to £468.7 million at the year end - despite having bought back a further £7.5 million of shares. Balance sheet gearing reduced from 110% last year end to 102% as at September 2003.

Capital expenditure

Capital expenditure of £47.9 million was similar to last year, with £25.1 million invested in Pathfinder Pubs, £12.2 million in The Union Pub Company, £7.4 million in WDB Brands and £3.2 million in IT systems and the unlicensed estate. Of this £47.9 million, £17.4 million was spent on major refurbishments of over £100,000 and £4.3 million on new sites and acquisitions.

We expect our full year investment in 2004 to be around £56 million, including £11 million identified for new site acquisition and development.

Treasury

Interest cover was maintained at around 3.1 times, whilst the full year dividends are 2.1 times covered based on underlying earnings.

The Group's policy for interest rate management continues to be to reduce exposure to changes in interest rates through the use of hedging instruments. We currently have £185 million of interest rate swaps in place, which expire between now and 2008.

In addition, the Group has debentures with a nominal value of £220 million. As a result, at the year end over 86% of the Group's net debt was either fixed or hedged.

At the year end there were £63 million of unutilised banking facilities, providing headroom to take advantage of appropriate investment opportunities. We plan to replace our existing five year banking facilities, which expire in December 2004, by the end of March 2004.

Property portfolio

The value of our freehold and long leasehold properties strongly underpins our balance sheet. Total tangible fixed assets of £889.9 million covered our net debt of £468.7 million, 1.9 times.

Taxation

The underlying rate of taxation (before goodwill amortisation and exceptional items) in the year increased from 29.7% in 2002 to 31.5% in 2003.

Pensions

Following a recent actuarial valuation, company contributions to the pension scheme, and the related charge to the profit and loss account, were increased by £2.5 million per year with effect from 1 September 2003.

Measured on a FRS 17 basis, the Company’s pension scheme has a net deficit after tax of £56.6 million at the year end, compared to £64.1 million last year end.

Exceptional items and goodwill

Goodwill impairment and amortisation in the year amounted to £8.5 million.

Net exceptional costs excluding goodwill impairment amounted to £3.1 million. This comprised a loss of £1.8 million on the sale of fixed assets, which largely relate to the disposal of a number of high street leasehold managed pubs; a £3.2 million payment to settle contractual obligations in respect of Harp Irish Lager, following the rationalisation of our lager brands; and a tax credit of £1.9 million.

Accounting policies

There have been no changes to our accounting policies since last year’s annual report.

Summary

Despite significant cost increases outside our control we have increased underlying margins. This improvement, together with the continued strong underlying cash flow of our business, reinforces our confidence in the future. Our objectives are to continue to deliver sustained growth in earnings per share and a progressive dividend policy.

Paul Inglett
Finance Director

Group profit and loss account

for the 52 weeks ended 27 September 2003	2003 Before goodwill and exceptionals £m	2003 Goodwill and exceptionals £m	2003 Total £m	2002 Before goodwill and exceptionals £m	2002 Goodwill and exceptionals £m	2002 Total £m
Turnover – continuing operations	**490.5**	**-**	**490.5**	505.6	-	505.6
Trading expenses	**(382.3)**	**(11.7)**	**(394.0)**	(396.5)	(17.7)	(414.2)
Operating profit – continuing operations	**108.2**	**(11.7)**	**96.5**	109.1	(17.7)	91.4
Fixed asset disposals	**-**	**(1.8)**	**(1.8)**	-	2.4	2.4
Profit on ordinary activities before interest	**108.2**	**(13.5)**	**94.7**	109.1	(15.3)	93.8
Interest	**(35.1)**	**-**	**(35.1)**	(35.1)	-	(35.1)
Profit on ordinary activities before taxation	**73.1**	**(13.5)**	**59.6**	74.0	(15.3)	58.7
Taxation	**(23.0)**	**1.9**	**(21.1)**	(22.0)	5.0	(17.0)
Profit on ordinary activities after taxation	**50.1**	**(11.6)**	**38.5**	52.0	(10.3)	41.7
Dividends paid and proposed			**(23.3)**			(97.4)
Profit/(loss) for the period transferred to/(from) reserves			**15.2**			(55.7)

	2003	2002
Earnings per share:		
Basic earnings per share	**53.0p**	50.2p
Basic earnings per share before goodwill and exceptionals	**68.9p**	62.6p
Diluted earnings per share	**52.5p**	49.6p
Diluted earnings per share before goodwill and exceptionals	**68.3p**	61.9p

Statement of total Group recognised gains and losses

for the 52 weeks ended 27 September 2003	2003 £m	2002 £m
Profit on ordinary activities after taxation	**38.5**	41.7
Total recognised gains relating to the period	**38.5**	41.7

Group note of historical cost profits and losses

for the 52 weeks ended 27 September 2003	2003 £m	2002 £m
Profit on ordinary activities before taxation	**59.6**	58.7
Realisation of property revaluation gains of previous periods	**1.8**	5.2
Difference between the historical cost depreciation charge and the actual depreciation charge for the period calculated on the revalued amount	**0.7**	0.8
Historical cost profit for the period on ordinary activities before taxation	**62.1**	64.7
Historical cost profit/(loss) for the period after taxation and dividends	**17.7**	(49.7)

Reconciliation of movements in Group shareholders' funds

for the 52 weeks ended 27 September 2003	2003 £m	2002 £m
Profit on ordinary activities after taxation	**38.5**	41.7
Dividends	**(23.3)**	(97.4)
Profit/(loss) for the period transferred to/(from) reserves	**15.2**	(55.7)
New share capital subscribed	**2.7**	5.6
Purchase of own share capital	**(7.5)**	(49.5)
Contribution to QUEST	**(0.3)**	(0.1)
Net addition/(reduction) to shareholders' funds	**10.1**	(99.7)
Opening shareholders' funds	**449.9**	549.6
Closing shareholders' funds	**460.0**	449.9

Balance sheet

as at 27 September 2003	2003 £m	2002 £m
Fixed assets		
Intangible assets	**108.7**	117.2
Tangible assets	**889.9**	892.3
Investments	**27.1**	32.5
	1,025.7	1,042.0
Current assets		
Stocks	**12.5**	13.0
Debtors	**37.2**	34.5
Cash at bank and in hand	**11.9**	14.6
	61.6	62.1
Creditors – amounts falling due within one year	**(183.2)**	(171.5)
Net current liabilities	**(121.6)**	(109.4)
Total assets less current liabilities	**904.1**	932.6
Creditors – amounts falling due after more than one year	**(428.1)**	(467.6)
Deferred tax provision	**(16.0)**	(15.1)
	460.0	449.9

Capital and reserves		
Equity share capital	**21.5**	21.8
Non-equity share capital	**0.1**	0.1
Called up share capital	**21.6**	21.9
Share premium account	**207.1**	204.5
Revaluation reserve	**153.4**	155.9
Capital redemption reserve	**5.7**	5.3
Profit and loss account	**72.2**	62.3
Shareholders' funds including non-equity interests of £0.1m (2002: £0.1m)	**460.0**	449.9
Capital employed	**460.0**	449.9

Group cash flow statement

for the 52 weeks ended 27 September 2003	2003 £m	2003 £m	2002 £m	2002 £m
Net cash inflow from operating activities		**130.9**		135.7
Returns on investments and servicing of finance				
Interest received	**0.6**		1.4	
Interest paid	**(35.4)**		(34.0)	
Arrangement cost of new bank facilities	**-**		(2.2)	
Net cash outflow from returns on investments and servicing of finance		**(34.8)**		(34.8)
Taxation		**(19.2)**		(16.8)
Capital expenditure and financial investment				
Purchase of tangible fixed assets	**(47.9)**		(46.3)	
Sale of tangible fixed assets	**21.0**		42.2	
Decrease in trade loans and other investments	**5.4**		16.8	
Net cash (outflow)/inflow for capital expenditure and financial investment		**(21.5)**		12.7
Equity dividends paid		**(22.0)**		(99.7)
Cash inflow/(outflow) before use of liquid resources and financing		**33.4**		(2.9)
Financing				
Issue of ordinary share capital	**2.4**		5.6	
Purchase of ordinary share capital	**(7.5)**		(49.5)	
Debt due within one year	**(57.7)**		(140.2)	
Capital element of finance lease payments	**(0.3)**		(0.6)	
Debt due beyond one year – bank loan	**21.0**		158.1	
Net cash outflow from financing		**(42.1)**		(26.6)
Decrease in cash in the period		**(8.7)**		(29.5)

Reconciliation of net cash flow to movement in net debt

	2003 £m	2003 £m	2002 £m	2002 £m
Decrease in cash in the period	**(8.7)**		(29.5)	
Cash outflow/(inflow) from decrease/(increase) in debt	**37.0**		(17.3)	
Change in debt resulting from cash flows		**28.3**		(46.8)
Non-cash movements		**(0.1)**		(0.1)
Movement in net debt in the period		**28.2**		(46.9)
Net debt at 29 September 2002		**(496.9)**		(450.0)
Net debt at 27 September 2003		**(468.7)**		(496.9)

1. Segmental analysis

	2003			2002		
	Turnover £m	**Operating profit before goodwill and exceptionals £m**	**Net assets £m**	Turnover £m	Operating profit before goodwill and exceptionals £m	Net assets £m
Pathfinder Pubs	**252.4**	**53.0**	**415.6**	278.0	56.9	452.3
The Union Pub Company	**115.8**	**49.0**	**345.5**	97.2	42.6	300.6
WDB Brands	**122.3**	**21.3**	**83.6**	130.4	22.1	97.3
Central costs	**-**	**(15.1)**	**16.6**	-	(12.5)	15.1
	490.5	**108.2**	**861.3**	505.6	109.1	865.3
Goodwill and exceptionals	**-**	**(11.7)**	**108.7**	-	(17.7)	117.2
Debt, tax, dividends and ESOP	**-**	**-**	**(510.0)**	-	-	(532.6)
	490.5	**96.5**	**460.0**	505.6	91.4	449.9

	2003			2002		
	Operating profit after goodwill and exceptionals £m	**Goodwill and exceptionals £m**	**Goodwill asset £m**	Operating profit after goodwill and exceptionals £m	Goodwill and exceptionals £m	Goodwill asset £m
Pathfinder Pubs	**50.6**	**2.4**	**33.9**	54.0	2.9	36.3
The Union Pub Company	**47.0**	**2.0**	**23.7**	38.3	4.3	25.7
WDB Brands	**16.1**	**5.2**	**7.5**	16.5	5.6	9.5
Central costs	**(17.2)**	**2.1**	**43.6**	(17.4)	4.9	45.7
	96.5	**11.7**	**108.7**	91.4	17.7	117.2

2. Goodwill and exceptionals

	2003 £m	2002 £m
Operating items:		
Goodwill amortisation	**6.9**	7.2
Exceptionals:		
Goodwill impairment following fixed asset disposals	**1.6**	6.1
Termination of supplier contract	**3.2**	-
Costs of reorganisation and restructuring of brewery and management operations	**-**	3.4
Cost of share consolidation and purchase of own shares	**-**	1.0
	11.7	17.7
Non-operating exceptional items:		
Fixed asset disposals:		
Loss/(profit) on disposals of fixed assets	**1.8**	(4.7)
Provision for loss on disposal of fixed assets	**-**	2.3
	1.8	(2.4)
	13.5	15.3

3. Earnings per share

	2003			2002		
	Earnings £m	**Weighted average number of shares m**	**Per share amount p**	Earnings £m	Weighted average number of shares m	Per share amount p
Basic earnings per share	**38.5**	**72.7**	**53.0**	41.7	83.1	50.2
Diluted earnings per share	**38.5**	**73.4**	**52.5**	41.7	84.0	49.6
Supplementary earnings per share figures:						
Basic earnings per share before goodwill and exceptionals	**50.1**	**72.7**	**68.9**	52.0	83.1	62.6
Diluted earnings per share before goodwill and exceptionals	**50.1**	**73.4**	**68.3**	52.0	84.0	61.9

Basic earnings per share is calculated by dividing the profit after tax by the weighted number of shares in issue during the period excluding those held in the Employee Share Ownership Plan.

Diluted earnings per share is calculated by adjusting the basic earnings per share to assume the notional exercise of the weighted average number of ordinary share options outstanding during the period. The effect of dilutive options is to increase the weighted average number of shares by 0.7 million (2002: 0.9 million).

Supplementary earnings per share figures are presented to exclude the effects of goodwill amortisation and exceptional items.

4. Reconciliation of operating profit to net cash inflow from operating activities

	2003 £m	2002 £m
Total operating profit	**96.5**	91.4
Goodwill amortisation	**6.9**	7.2
Income from fixed asset investments	**(0.5)**	(0.7)
Depreciation charge	**30.3**	28.9
(Decrease)/increase in pension cost provision	**(0.1)**	0.3
Decrease in stocks	**0.5**	1.0
(Increase)/decrease in debtors	**(3.0)**	-
(Decrease)/increase in creditors	**(1.3)**	1.1
Exceptional operating charges with no cash impact	**1.6**	6.5
Net cash inflow from operating activities	**130.9**	135.7

5. Analysis of net debt

	2003	Cash flow	Non-cash flow	2002
	£m	£m	£m	£m
Cash				
Cash at bank and in hand	**11.9**	(2.7)	-	14.6
Bank overdraft	**(6.0)**	(6.0)	-	-
	5.9	(8.7)	-	14.6
Debt due within one year				
Loan stock	**(0.1)**	-	-	(0.1)
Bank loans	**(58.6)**	57.6	(58.7)	(57.5)
Other loans	**-**	0.1	-	(0.1)
Finance leases	**-**	0.3	-	(0.3)
	(58.7)	58.0	(58.7)	(58.0)
Debt due after one year				
Bank loans	**(197.9)**	(21.0)	58.7	(235.6)
Debenture loans	**(218.0)**	-	(0.1)	(217.9)
	(415.9)	(21.0)	58.6	(453.5)
	(468.7)	28.3	(0.1)	(496.9)

Notes:

a) The contents of this preliminary announcement, which do not constitute statutory accounts as defined in Section 240 of the Companies Act 1985, have been extracted from the audited statutory accounts of the Group for the 52 weeks ended 27 September 2003 which will be filed with the Registrar of Companies in due course. The statutory accounts for the 52 weeks ended 28 September 2002 have been delivered to the Registrar of Companies. The independent auditors' report on these accounts are unqualified and do not contain any statements under Section 237 (2) or (3) of the Companies Act 1985.

b) Subject to approval of the shareholders at the annual general meeting, the proposed final dividend of 21.2 pence per share will be paid on 30 January 2004 to shareholders on the register at the close of business on 5 January 2004.

c) The annual report for the year ended 27 September 2003 will be posted to all shareholders in the week commencing 15 December 2003. Copies will be obtainable from Hudson Sandler Limited (020 7796 4133) or from the Company Secretary, The Wolverhampton & Dudley Breweries, PLC, Park Brewery, Bath Road, Wolverhampton, WV1 4NY.