



FRIDAY 21 NOVEMBER 2008

FULLER SMITH & TURNER P.L.C.

Financial results for the 26 weeks ended 27 September 2008

Financial Performance

- Revenue up 1% to £94.4 million (2007: £93.3 million)
- Adjusted profit before tax¹ down 1% to £12.0 million (2007: £12.1 million)
- Profit before tax down 6% to £12.0 million (2007: £12.7 million)
- EBITDA² level at £20.9 million (2007: £21.0 million)
- Adjusted earnings per share³ up 1% to 15.29p (2007: 15.18p)
- Basic earnings per share down 35% to 13.13p (2007: 20.34p)
- Interim dividend up 2% to 2.85p (2007: 2.80p)

Corporate Progress

- Managed Pubs and Hotels invested like for like sales up 2.3%
- Fuller's Inns operating profits down 2%
- Fuller's Beer Company operating profits down 3%
- Cash generated from operating activities of £20.8 million (2007: £11.2 million)
- Net interest cover⁴ improved to 4.8x with no refinancing requirements until November 2010
- Net debt⁵ reduced by £5.4 million to £90.1 million since March 2008

1 Adjusted profit is the profit before tax excluding exceptional items.

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

3 Calculated using adjusted profits after tax and the same weighted average number of shares as for the basic earnings per share and using a 40p ordinary share.

4 Net interest cover is the ratio of operating profit before exceptional items to net finance costs.

5 Net debt comprises cash and short term deposits, bank overdraft, bank loans, loan notes, debenture stock and preference shares.

Commenting on the results, Michael Turner, Chairman of Fuller's, said:

“Our performance has been resilient in what has been a challenging period for the industry. EBITDA for the period was £20.9 million, broadly in line with last year (2007: £21.0 million). The adjusted profit before tax (excluding exceptional items) amounted to £12.0 million (2007: £12.1 million), with adjusted earnings per share up 1% to 15.29p (2007: 15.18p). In addition we generated £20.8 million cash flow from operating activities (2007: £11.2 million).

“Revenue rose by 1% to £94.4 million (2007: £93.3 million), and our Managed Pubs and Hotels have achieved a 2.3% increase in invested like for like sales, yet again one of the highest reported increases in the industry.

“We are in a strong financial position, owning the freeholds of the majority of our pubs, with prudent gearing and substantial headroom on our committed bank facilities. Combined with our excellent cash flow generation and an experienced and talented management team, we are confident that our strategy places us well for the future. The continued increase in the dividend at this time demonstrates the Board's confidence in our financial strength.

“The collapse of confidence in the world's banking system has meant that the outlook for the nation's economy does not look good. We believe we have the business model and financial strength to cope well with a downturn, can improve our relative market position and are well placed to capitalise on the opportunities that may arise.”

- Ends -

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Notes to Editors

For an official photograph, please e-mail photo@fullers.co.uk and one will automatically be sent by return on receipt of your e-mail.

Copies of this statement, the Half Year Statement and results presentation will be available on the Company's website, www.fullers.co.uk.

Attached: Chairman's Statement
Financial Highlights
Unaudited Group Income Statement
Unaudited Group Balance Sheet
Unaudited Group Cash Flow Statement
Unaudited Group Statement of Recognised Income and Expense
Notes to the Financial Statements

FULLER SMITH & TURNER P.L.C.
HALF YEAR RESULTS FOR THE 26 WEEKS ENDED
27 SEPTEMBER 2008

CHAIRMAN'S STATEMENT

Whatever You Do, Take Pride

Our performance has been resilient in what has been a challenging period for the industry. EBITDA for the period was £20.9 million, broadly in line with last year (2007: £21.0 million). The adjusted profit before tax (excluding exceptional items) amounted to £12.0 million (2007: £12.1 million), with adjusted earnings per share up 1% to 15.29p (2007: 15.18p). In addition we generated £20.8 million cash flow from operating activities (2007: £11.2 million).

Revenue rose by 1% to £94.4 million (2007: £93.3 million), and our Managed Pubs and Hotels have achieved a 2.3% increase in invested like for like sales, yet again one of the highest reported increases in the industry.

Fuller's Inns continues to benefit from a consistent strategy that has been carefully executed over the last five years. We focus on quality and the delivery of outstanding cask conditioned ales, delicious food, great wines and exemplary service, all within pubs maintained to the highest standards. Revenues increased by 1% to £74.4 million (2007: £73.5 million), whilst operating profits were 2% lower at £13.0 million (2007: £13.3 million), reflecting the tough trading conditions.

The Fuller's Beer Company has performed well against a UK market in which beer volumes declined by 6%. As a consequence we continue to take market share with London Pride the UK's leading premium ale by an increasing margin. Operating profits reduced by 3% to £3.4 million (2007: £3.5 million) on revenues that have increased by 2% to £30.9 million (2007: £30.3 million).

These results show the underlying strength of our business model in these uncertain times and we believe that we are well placed to withstand the anticipated storms ahead.

Our balance sheet remains strong and I am pleased to report that the Group's net debt has reduced to £90.1 million (2007: £103.7 million). We had £30 million undrawn committed banking facilities at the end of the period, and our main banking facilities do not require renewal until November 2010.

On an annualised basis the ratio of net debt to EBITDA has improved to 2.2 times (2007: 2.5 times) and, in addition, our net interest cover has improved to 4.8 times (2007: 4.6 times on a comparable basis). With this low level of debt and strong cash flow generation we remain well positioned to finance further investment within the estate and to expand our business.

Tax has been provided for at an effective rate of 29.2% (2007: 30.1%) on adjusted profits. Our overall tax expense for the period included a £1.2 million one off deferred tax charge relating to the phased withdrawal of industrial buildings allowances. The prior period total tax expense benefited from a £2.5 million non-recurring deferred tax credit relating to the changes in Corporation Tax rates from 30% to 28%. These two one off non-cash tax items, together with the exceptional pre-tax profit of £0.6 million on property disposals made in the first half of last year, caused our basic earnings per share to reduce by 35% to 13.13p (2007: 20.34p).

During the period we spent £1.8 million (2007: £2.1 million) buying back 447,000 40p 'A' ordinary shares (2007: 288,000 shares).

We continue to deliver healthy returns for our shareholders and based on the robust nature of our business, and our confidence in its long term prospects, the Board recommends an increase of 1.8% in the interim dividend to 2.85p (2007: 2.80p) per 40p 'A' and 'C' ordinary share and 0.285p (2007: 0.280p) per 4p 'B' ordinary share. This will be paid on Monday 5 January 2009 to shareholders on the share register as at Friday 12 December 2008.

FULLER'S INNS

We have made a good start to the year with invested like for like sales growth in Managed Pubs and Hotels of 2.3%, a figure which is yet again among the best reported in our sector. Overall, our operating profits were 2% lower at £13.0 million (2007: £13.3 million) on increased revenues of £74.4 million (2007: £73.5 million).

Fuller's operates at the premium end of the market, and we aim to maintain the highest standards in our pubs and hotels. We offer a unique experience, that cannot be achieved in the home, to customers who we believe are less price sensitive and less likely to be swayed by cheaper alternatives. The quality of our estate remains a critical element of our strategy and we continue to invest in our pubs to ensure that they are well placed to trade through this challenging period.

The size of our retail estate has not changed significantly during the period, with one purchase and the termination of a contract, which we inherited on acquiring Gales, under which we managed five pubs on behalf of another company. The estate stood at 356 on 27 September 2008. Of this number, 204 were tenanted or leased pubs and 152 were managed pubs or hotels.

Our pubs continue to be recognised as market leaders. Several have been named *Pub of the Year* by their local CAMRA branch, while The Churchill Arms in Kensington was named *Best Pub in London* and the nation's *Best Managed Pub* at the *Morning Advertiser* Great British Pub Awards in September. Since the end of the period, the pub has also received the accolade of being voted *London's Best Loved Local 2008* by customers across the Capital.

Managed Pubs and Hotels

Revenue increased by 1% reflecting the fact that we had fewer pubs than in the corresponding period last year, while profits were down 4% driven by increased utility costs.

Quality food and boutique accommodation are two of the key drivers of this business. Food sales have risen by 1% and represent 27% of revenue (2007: 27%), excluding the 12 pubs where food is provided by Thai franchisees. Accommodation accounts for 8% of total revenue, up from 7% in 2007. We now have 475 bedrooms across all the properties in the Managed estate.

Food continues to be a major driver in our business and we have invested heavily in the development of our chefs. We have a development kitchen at the Brewery where we train our chefs and develop exciting new food offers for our customers. We encourage our chefs to forge relationships with local suppliers, which they use alongside centrally sourced suppliers to tailor their food to the local market.

During the period we launched a new accommodation website, www.fullershoteles.com, which features details of our six Hotels and the boutique rooms at many of our Inns including the Head of the River, Oxford and the Pilot Inn, Greenwich. Occupancy rates have again risen during the period, with an immediate increase in internet bookings following the new website launch. In another initiative, our customers have helped us to build a communications database which will enable our managed pubs to make direct contact with them with news and offers which will entice them down to the pub.

Tenanted Inns

We remain committed to our tenants and lessees and are determined to support them through these difficult times. However, we do not believe that offering rent concessions is the best way to do this. We prefer to work collaboratively, helping them improve the performance of their business. We actively contribute towards marketing activities in pubs and provide training for all aspects of the business, in particular, helping them expand their food offering. We have further enhanced our tenants' drinks portfolio and continue to invest in our pubs where expansion opportunities exist.

Our tenanted business has delivered a robust performance during the period, with revenues and profits level. The tougher trading conditions in the period, however, led to a 1% decrease in average revenue per pub, and like for like sales were down 1.9%.

We have made significant changes to our tenant and lessee recruitment process, which has been identified by the Independent Family Brewers of Britain as the most improved in the industry. The business plan template, now included on the Fuller's website, is used by 85% of applicants.

We were pleased to acquire one house for the Tenanted estate – the Lewes Arms at Lewes – at the end of the period.

THE FULLER'S BEER COMPANY

In a difficult market place, The Fuller's Beer Company's relative performance has been good. Revenue rose by 2% to £30.9 million (2007: £30.3 million) but a 3% decrease in operating profits to £3.4 million (2007: £3.5 million) was recorded, reflecting an increase in marketing spend compared to the corresponding period last year.

Our total own beer volumes declined by 1% to 106,000 barrels and within this our export volume rose by 8%. Our UK own beer volumes declined by 2% within an ale market down 9% in the same period. We continued to grow share overall with the strongest performance in the On Trade.

Our foreign beer volumes fell again and are down 7% against an On Trade lager market down 9%. Total beer volumes were down by 3%.

As a leading cask ale brewer, it is pleasing to report that cask ale has again grown its share of the draught beer market with Fuller's very much at the forefront. In addition, premium cask ale and premium bottled ale both continue to grow within the total ale market.

London Pride continues to lead the premium ale market by a considerable margin and has again grown its market share. We believe that our key sponsorships of the English Golf Union and the London Marathon provide a great platform for growing sales and raising brand awareness. We ran national press, cinema and poster advertising campaigns during the period as well as advertising on a fleet of London taxis, a partnership of two London icons.

It has been another good period for Organic Honey Dew, in particular, which showed excellent growth on the back of increased marketing investment.

Finally, the Wine Division continues to grow with profits up by 12%. This growth remains driven by our agency wine business, where we are able to attract an increasing number of free trade accounts with our unique wine portfolio.

PEOPLE

Sadly, Ron Spinney, our Senior Independent Non Executive Director and Chairman of the Remuneration Committee, passed away on 13 July 2008 after a long and brave battle against cancer. The Company benefited enormously from eight years of Ron's wise counsel and he is sorely missed by everyone at Fuller's. Nick MacAndrew took over as our Senior Independent Non Executive Director. James Espey was due to stand down at the end of the Annual General Meeting in July but has agreed to remain on the Board for the time being and has been appointed Chairman of the Remuneration Committee.

CURRENT TRADING AND OUTLOOK

As anticipated, trading conditions remain challenging. Against the backdrop of the difficult environment for our sector and the UK economy more generally, we have maintained the momentum of the first half and our resilient performance has continued. The invested like for like sales in our Managed Pubs and Hotels growing by 2.2% for the 33 weeks to 15 November 2008. Consistent with the industry trends, The Fuller's Beer Company's own beer volumes declined against the prior period, although we continued to grow our share of this falling beer market.

Our pubs are well run, are in excellent condition and we have an outstanding portfolio of beer brands. We continue to operate at the premium end of the market and believe this is the best place to be. Our strategy provides a strong foundation for a stable business and also gives us a platform for future growth. Despite the uncertainty in the economy, we continue to invest in our pubs and brewery and plan to spend approximately £16 million in capital investment projects including committed pub acquisitions during this current year.

We are in a strong financial position, owning the freeholds of the majority of our pubs, with prudent gearing and substantial headroom on our committed bank facilities. Combined with our excellent cash flow generation and an experienced and talented management team, we are confident that our strategy places us well for the future. The continued increase in the dividend at this time demonstrates the Board's confidence in our financial strength.

Cost inflation is a real issue across the business. The major culprits, commodity and energy prices, have now turned and, as the UK enters recession, there is the prospect that cost inflation will abate. However, we are not taking this for granted and have worked hard to reduce costs. Overall the circa £5.5 million annualised cost increase we face has to date been offset by circa £2 million of cost saving initiatives. In addition we estimate that the March 2008 duty rises will cost our end customers a minimum of £3.5 million per year.

The collapse of confidence in the world's banking system has meant that the outlook for the nation's economy does not look good. We believe we have the business model and financial strength to cope well with a downturn, can improve our relative market position and are well placed to capitalise on the opportunities that may arise.

The next interim management statement will be issued on 29 January 2009.

Michael Turner
Chairman
21 November 2008

FULLER SMITH & TURNER P.L.C.
FINANCIAL HIGHLIGHTS
FOR THE 26 WEEKS ENDED 27 SEPTEMBER 2008

	<i>Unaudited</i> 26 weeks ended 27 September 2008 £m	<i>Unaudited</i> 26 weeks ended 29 September 2007 £m	<i>Change</i> 2008/2007	<i>Audited</i> 52 weeks ended 29 March 2008 £m
Revenue	94.4	93.3	1%	181.1
Adjusted profit ¹	12.0	12.1	(1%)	23.0
Profit before tax	12.0	12.7	(6%)	23.8
EBITDA ²	20.9	21.0	Level	40.5
Adjusted earnings per share ³	15.29p	15.18p	1%	29.15p
Basic earnings per share	13.13p	20.34p	(35%)	34.33p
Dividend per share	2.85p	2.80p	2%	9.70p
Net debt ⁴	90.1	103.7		95.5
Net debt / EBITDA ⁵	2.2 times	2.5 times		2.4 times

1 Adjusted profit is the profit before tax excluding exceptional items.

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

3 Calculated using adjusted profits after tax and the same weighted average number of shares as for the basic earnings per share and using a 40p ordinary share.

4 Net debt comprises cash and short term deposits, bank overdraft, bank loans, loan notes, debenture stock and preference shares.

5 Net debt / EBITDA is calculated using EBITDA for a 52 week period.

FULLER SMITH & TURNER P.L.C.
CONDENSED GROUP INCOME STATEMENT

<i>Unaudited</i>				
<i>26 weeks ended 27 September 2008</i>				
	<i>Before exceptional</i>	<i>Exceptional</i>	<i>Total</i>	
	<i>items</i>	<i>items</i>		
<i>Note</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	
Revenue	2	94.4	-	94.4
Operating costs	3	(79.2)	-	(79.2)
Operating profit		15.2	-	15.2
Finance revenue	4	0.2	-	0.2
Finance costs	4	(3.4)	-	(3.4)
Profit before tax		12.0	-	12.0
Taxation	5	(3.5)	(1.2)	(4.7)
Profit for the period attributable to equity shareholders of the Parent Company		8.5	(1.2)	7.3

<i>Unaudited</i>				
<i>26 weeks ended 29 September 2007</i>				
	<i>Before exceptional</i>	<i>Exceptional</i>	<i>Total</i>	
	<i>items</i>	<i>items</i>		
	<i>£m</i>	<i>£m</i>	<i>£m</i>	
Revenue	2	93.3	-	93.3
Operating costs	3	(77.8)	-	(77.8)
Operating profit		15.5	-	15.5
Profit on disposal of properties	3	-	0.6	0.6
Finance revenue	4	0.1	-	0.1
Finance costs	4	(3.5)	-	(3.5)
Profit before tax		12.1	0.6	12.7
Taxation	5	(3.6)	2.3	(1.3)
Profit for the period attributable to equity shareholders of the Parent Company		8.5	2.9	11.4

FULLER SMITH & TURNER P.L.C.
CONDENSED GROUP INCOME STATEMENT (continued)

		<i>Audited</i>		
		<i>52 weeks ended 29 March 2008</i>		
		<i>Before exceptional</i>	<i>Exceptional</i>	<i>Total</i>
	<i>Note</i>	<i>items</i>	<i>items</i>	<i>Total</i>
		<i>£m</i>	<i>£m</i>	<i>£m</i>
Revenue	2	181.1	-	181.1
Operating costs	3	<i>(151.7)</i>	<i>(4.5)</i>	<i>(156.2)</i>
Operating profit		29.4	(4.5)	24.9
Profit on disposal of properties	3	-	5.3	5.3
Finance revenue	4	0.3	-	0.3
Finance costs	4	<i>(6.7)</i>	-	<i>(6.7)</i>
Profit before tax		23.0	0.8	23.8
Taxation	5	<i>(6.8)</i>	2.1	<i>(4.7)</i>
Profit for the year attributable to equity shareholders of the Parent Company		16.2	2.9	19.1

EARNINGS PER SHARE

		<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
		<i>26 weeks ended</i>	<i>26 weeks ended</i>	<i>52 weeks ended</i>
		<i>27 September</i>	<i>29 September</i>	<i>29 March</i>
		<i>2008</i>	<i>2007</i>	<i>2008</i>
Per 40p 'A' ordinary share or 40p 'C' ordinary share				
Basic	6	13.13p	20.34p	34.33p
Diluted	6	12.96p	20.07p	33.89p
Adjusted	6	15.29p	15.18p	29.15p
Diluted adjusted	6	15.09p	14.98p	28.78p
Per 4p 'B' ordinary share				
Basic	6	1.31p	2.03p	3.43p
Diluted	6	1.30p	2.01p	3.39p
Adjusted	6	1.53p	1.52p	2.92p
Diluted adjusted	6	1.51p	1.50p	2.88p

The results and EPS measures above are all in respect of continuing operations of the Group.

FULLER SMITH & TURNER P.L.C.
CONDENSED GROUP BALANCE SHEET
27 SEPTEMBER 2008

		<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
		<i>At</i>	<i>At</i>	<i>At</i>
		<i>27 September</i>	<i>29 September</i>	<i>29 March</i>
		<i>2008</i>	<i>2007</i>	<i>2008</i>
	<i>Note</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Non-current assets				
Goodwill		24.5	24.5	24.5
Property, plant and equipment	8	314.3	311.2	312.1
Investment properties		8.7	4.0	8.7
Financial assets		0.4	1.0	0.3
Other non-current assets		0.8	0.9	0.9
Deferred tax assets		3.4	4.0	4.1
Total non-current assets		352.1	345.6	350.6
Current assets				
Inventories		5.9	5.8	5.8
Trade and other receivables		17.9	16.5	15.7
Cash and short term deposits		6.6	1.3	3.9
Total current assets		30.4	23.6	25.4
Assets classified as held for sale		-	6.9	1.8
Current liabilities				
Bank overdraft		-	2.5	-
Bank loans		7.5	5.0	6.3
Loan notes		1.6	2.4	1.8
Trade and other payables		34.6	35.8	33.3
Current tax payable		4.4	2.3	1.0
Total current liabilities		48.1	48.0	42.4
Non-current liabilities				
Bank loans		59.0	66.5	62.7
Debenture stock		27.0	27.0	27.0
Preference shares		1.6	1.6	1.6
Other payables		1.7	-	1.7
Retirement benefit obligations	11	5.5	3.3	5.4
Deferred tax liabilities		39.8	38.0	39.3
Total non-current liabilities		134.6	136.4	137.7
Net assets		199.8	191.7	197.7
Capital and reserves				
Share capital		22.8	22.8	22.8
Share premium account		4.8	4.8	4.8
Capital redemption reserve		3.1	3.1	3.1
Own shares		(6.6)	(6.7)	(6.0)
Hedging reserve		0.3	0.7	0.2
Retained earnings		175.4	167.0	172.8
Total shareholders' equity	9	199.8	191.7	197.7

FULLER SMITH & TURNER P.L.C.
CONDENSED GROUP CASH FLOW STATEMENT
FOR THE 26 WEEKS ENDED 27 SEPTEMBER 2008

	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	<i>26 weeks ended</i>	<i>26 weeks ended</i>	<i>52 weeks ended</i>
	<i>27 September</i>	<i>29 September</i>	<i>29 March</i>
	<i>2008</i>	<i>2007</i>	<i>2008</i>
<i>Note</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Group profit before tax	12.0	12.7	23.8
Net interest expense	3.2	3.4	6.4
Exceptional items	-	(0.6)	(0.8)
Depreciation	5.6	5.5	10.8
Loss on disposal of property, plant and equipment	0.1	-	0.3
Difference between pension charge and cash paid	(0.5)	(8.4)	(8.5)
Share-based payment charges	0.8	0.8	1.6
Change in trade and other receivables	(2.2)	(1.4)	(0.6)
Change in inventories	(0.1)	(0.4)	(0.4)
Change in trade and other payables	2.0	1.8	(1.3)
Cash generated from operations	20.9	13.4	31.3
Tax paid	(0.1)	(2.2)	(4.7)
Cash generated from operating activities	20.8	11.2	26.6
Cash flow from investing activities			
Purchase of property, plant and equipment	(6.9)	(11.2)	(18.5)
Sale of property, plant and equipment	0.2	1.9	8.2
Interest received	0.2	0.1	0.2
Net cash outflow from investing activities	(6.5)	(9.2)	(10.1)
Cash flow from financing activities			
Proceeds from issue of share capital	-	0.1	0.1
Purchase of own shares	(2.2)	(2.5)	(4.0)
Sale of own shares to option schemes	0.3	0.2	0.4
Interest paid	(3.1)	(3.3)	(6.7)
Preference dividends paid	(0.1)	(0.1)	(0.1)
Equity dividends paid	(3.8)	(3.6)	(5.2)
Repayment of loan notes	(0.2)	(0.4)	(1.0)
Repayment of bank loans	(2.5)	(2.5)	(5.0)
Net cash outflow from financing activities	(11.6)	(12.1)	(21.5)
Net movement in cash and cash equivalents	2.7	(10.1)	(5.0)
Cash and cash equivalents at the start of the period	3.9	8.9	8.9
Cash and cash equivalents at period end	6.6	(1.2)	3.9

Cash and cash equivalents comprise cash and other short term highly liquid investments with a maturity of three months or less.

There were no significant non-cash transactions during any period.

FULLER SMITH & TURNER P.L.C.
CONDENSED STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE 26 WEEKS ENDED 27 SEPTEMBER 2008

	<i>Unaudited</i> 26 weeks <i>ended</i> 27 September 2008 £m	<i>Unaudited</i> 26 weeks <i>ended</i> 29 September 2007 £m	<i>Audited</i> 52 weeks <i>ended</i> 29 March 2008 £m
	<i>Note</i>		
Reduction in deferred tax liability due to indexation	0.2	<i>0.1</i>	<i>0.4</i>
Net gains/(losses) on valuation of financial assets	0.1	<i>(0.1)</i>	<i>(0.7)</i>
Tax on share-based payments	(0.3)	<i>(0.1)</i>	<i>0.4</i>
Deferred tax adjustment for change in corporation tax rate	-	<i>(0.3)</i>	<i>(0.3)</i>
Net actuarial gains and losses on pension schemes	(0.4)	<i>4.3</i>	<i>4.3</i>
Deferred tax on actuarial gains and losses on pension schemes	0.1	<i>(1.3)</i>	<i>(1.1)</i>
Net income recognised directly in equity	(0.3)	<i>2.6</i>	<i>3.0</i>
Profit for the period	7.3	<i>11.4</i>	<i>19.1</i>
Total recognised income and expense for the period	9 7.0	<i>14.0</i>	<i>22.1</i>

FULLER SMITH & TURNER P.L.C.
NOTES TO THE FINANCIAL STATEMENTS

1. HALF YEAR REPORT

Basis of preparation

These half year financial statements for the 26 weeks ended 27 September 2008, which are abridged and unaudited, have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and International Accounting Standard (IAS) 34, Interim Financial Reporting. The accounting policies adopted are consistent with those applied in the 52 weeks ended 29 March 2008, which are published as part of the accounts for that year and which are available from the Group's website, www.fullers.co.uk.

The half year financial statements were approved by the Directors on 21 November 2008.

This half year statement does not constitute full accounts as defined by Section 240 of the Companies Act 1985. The figures for the 52 weeks ended 29 March 2008 are derived from the published statutory accounts. Full accounts for the 52 weeks ended 29 March 2008, including an unqualified auditors' report which did not make any statement under Section 237 of the Companies Act 1985, have been delivered to the Registrar of Companies.

2. SEGMENTAL ANALYSIS

Unaudited - 26 weeks ended 27

September 2008

	<i>Fuller's Beer</i>			
	<i>Fuller's Inns</i>	<i>Company</i>	<i>Unallocated</i>	<i>Total</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Revenue				
Segment revenue	74.4	30.9	-	105.3
Inter-segment sales	-	(10.9)	-	(10.9)
Revenue from third parties	74.4	20.0	-	94.4
Operating profit	13.0	3.4	(1.2)	15.2
Profit on disposal of properties	-	-	-	-
Segment result	13.0	3.4	(1.2)	15.2
Net finance costs				(3.2)
Profit before tax				12.0

Unaudited - 26 weeks ended 29

September 2007

	<i>Fuller's Beer</i>			
	<i>Fuller's Inns</i>	<i>Company</i>	<i>Unallocated</i>	<i>Total</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Revenue				
Segment revenue	73.5	30.3	-	103.8
Inter-segment sales	-	(10.5)	-	(10.5)
Revenue from third parties	73.5	19.8	-	93.3
Operating profit	13.3	3.5	(1.3)	15.5
Profit on disposal of properties	0.4	0.2	-	0.6
Segment result	13.7	3.7	(1.3)	16.1
Net finance costs				(3.4)
Profit before tax				12.7

Audited - 52 weeks ended 29 March 2008

	<i>Fuller's Beer</i>			
	<i>Fuller's Inns</i>	<i>Company</i>	<i>Unallocated</i>	<i>Total</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Revenue				
Segment revenue	141.5	60.3	-	201.8
Inter-segment sales	-	(20.7)	-	(20.7)
Revenue from third parties	141.5	39.6	-	181.1
Operating profit pre-exceptionals	23.9	8.0	(2.5)	29.4
Operating exceptional items	(2.1)	(2.4)	-	(4.5)
Operating profit	21.8	5.6	(2.5)	24.9
Profit on disposal of properties	4.4	0.9	-	5.3
Segment result	26.2	6.5	(2.5)	30.2
Net finance costs				(6.4)
Profit before tax				23.8

3. EXCEPTIONAL ITEMS

	<i>Unaudited</i> <i>26 weeks ended</i> <i>27 September</i> <i>2008</i> <i>£m</i>	<i>Unaudited</i> <i>26 weeks ended</i> <i>29 September</i> <i>2007</i> <i>£m</i>	<i>Audited</i> <i>52 weeks ended</i> <i>29 March</i> <i>2008</i> <i>£m</i>
Amounts included in operating profit:			
Onerous lease charge	-	-	(2.1)
Past service cost in respect of pension liability	-	-	(2.4)
	-	-	(4.5)
Profit on disposal of properties	-	0.6	5.3
Total exceptional items before tax	-	0.6	0.8
Exceptional tax:			
Phased withdrawal of Industrial Buildings Allowances (note 5)	(1.2)	-	-
Change in corporation tax rate (note 5)	-	2.5	2.4
Profit on disposal of properties	-	(0.2)	(1.6)
Operating expenses	-	-	1.3
Total exceptional tax	(1.2)	2.3	2.1
Total exceptional items	(1.2)	2.9	2.9

The profit on disposal of properties of £5.3 million during the 52 weeks ended 29 March 2008 relates to the disposal of nine licensed and unlicensed properties. The profit of £0.6 million during the 26 weeks ended 29 September 2007 relates to three of these properties.

The onerous lease charge of £2.1 million during the 52 weeks ended 29 March 2008 relates to a provision made in respect of leasehold properties which are currently trading at a loss and which the Directors do not expect to become profitable in the future.

The past service cost of £2.4 million during the 52 weeks ended 29 March 2008 relates to the recognition of a liability for unfunded pensions paid to former employees where the Directors had previously taken the decision to expense as incurred. The Directors have reassessed the accounting treatment and now consider that a constructive obligation exists and have accounted for these payments on a defined benefit basis. The charge for the year represents the recognition of the actuarial liability at 29 March 2008.

4. FINANCE REVENUE AND FINANCE COSTS

	<i>Unaudited</i> <i>26 weeks ended</i> <i>27 September</i> <i>2008</i> <i>£m</i>	<i>Unaudited</i> <i>26 weeks ended</i> <i>29 September</i> <i>2007</i> <i>£m</i>	<i>Audited</i> <i>52 weeks ended</i> <i>29 March</i> <i>2008</i> <i>£m</i>
Interest receivable from:			
Cash and cash equivalents	0.2	-	0.1
Finance income on net pension liabilities	-	0.1	0.2
Finance revenue	0.2	0.1	0.3
Interest expense arising on:			
Financial liabilities at amortised cost – borrowings	3.0	3.4	6.6
Financial liabilities at amortised cost – preference shares	0.1	0.1	0.1
Total interest expense for financial liabilities	3.1	3.5	6.7
Finance charge on net pension liabilities	0.2	-	-
Unwinding of discounts on provisions	0.1	-	-
Finance costs	3.4	3.5	6.7

5. TAXATION

	<i>Unaudited</i> <i>26 weeks ended</i> <i>27 September</i> <i>2008</i> <i>£m</i>	<i>Unaudited</i> <i>26 weeks ended</i> <i>29 September</i> <i>2007</i> <i>£m</i>	<i>Audited</i> <i>52 weeks ended</i> <i>29 March</i> <i>2008</i> <i>£m</i>
Tax on profit on ordinary activities			
Current income tax:			
Corporation tax	3.7	1.7	4.0
Amounts overprovided in previous periods	-	-	(0.5)
Total current income tax	3.7	1.7	3.5
Deferred tax:			
Origination and reversal of temporary differences	(0.2)	2.1	3.6
Credit in relation to change in corporation tax rate (note 3)	-	(2.5)	(2.4)
Charge due to withdrawal of Industrial Buildings Allowances (note 3)	1.2	-	-
Total deferred tax	1.0	(0.4)	1.2
Total tax charged in the income statement	4.7	1.3	4.7

5. TAXATION *(continued)*

	<i>Unaudited</i> <i>26 weeks ended</i> <i>27 September</i> <i>2008</i> <i>£m</i>	<i>Unaudited</i> <i>26 weeks ended</i> <i>29 September</i> <i>2007</i> <i>£m</i>	<i>Audited</i> <i>52 weeks ended</i> <i>29 March</i> <i>2008</i> <i>£m</i>
Tax relating to items charged/(credited) to equity			
Deferred tax:			
Reduction in deferred tax liability due to indexation	(0.2)	(0.1)	(0.4)
Actuarial (losses)/gains on pension schemes	(0.1)	1.3	1.1
Financial assets	-	(0.1)	(0.2)
Share-based payments	0.5	0.1	0.3
Charge in relation to change in corporation tax rate	-	0.3	0.3
Current tax:			
Share-based payments	(0.2)	-	(0.7)
Tax charge included in the statement of recognised income and expense	-	1.5	0.4

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

During the 26 weeks ended 27 September 2008 the Finance Act 2008 was "substantively enacted". The impact relates to the phased withdrawal of Industrial Buildings Allowances. A charge of £1.2 million has been recognised as an exceptional cost and reflects the loss of allowances in future periods.

During the 52 weeks ended 29 March 2008 Finance Act 2007 was "substantively enacted". The main impact is that the rate of UK corporation tax has reduced from 30% to 28% from 1 April 2008. To the extent that this rate change affects the amount of future cash tax payments to be made by the Group, this has reduced the size of both the Group's balance sheet deferred tax liability and deferred tax asset. The impact for the 52 weeks ended 29 March 2008 was a credit to the Income Statement of £2.8 million, of which £2.4 million was recognised as an exceptional item, and a further charge to equity of £0.3 million. The impact for the 26 weeks ended 29 September 2007 was a credit to the Income Statement of £2.7 million, of which £2.5 million was recognised as an exceptional item, and a further charge to equity of £0.3 million.

6. EARNINGS PER SHARE

	<i>Unaudited</i> 26 weeks ended <i>27 September</i> 2008 <i>£m</i>	<i>Unaudited</i> 26 weeks ended <i>29 September</i> 2007 <i>£m</i>	<i>Audited</i> 52 weeks ended <i>29 March</i> 2008 <i>£m</i>
Profit attributable to equity shareholders	7.3	11.4	19.1
Exceptional items net of tax	1.2	(2.9)	(2.9)
Adjusted earnings attributable to equity shareholders	8.5	8.5	16.2
	<i>Number</i>	<i>Number</i>	<i>Number</i>
Weighted average share capital	55,593,000	55,834,000	55,812,000
Dilutive outstanding options	726,000	749,000	724,000
Diluted weighted average share capital	56,319,000	56,583,000	56,536,000
40p 'A' ordinary shares or 40p 'C' ordinary shares	<i>Pence</i>	<i>Pence</i>	<i>Pence</i>
Basic earnings per share	13.13	20.34	34.33
Diluted earnings per share	12.96	20.07	33.89
Adjusted earnings per share	15.29	15.18	29.15
Diluted adjusted earnings per share	15.09	14.98	28.78
4p 'B' ordinary shares	<i>Pence</i>	<i>Pence</i>	<i>Pence</i>
Basic earnings per share	1.31	2.03	3.43
Diluted earnings per share	1.30	2.01	3.39
Adjusted earnings per share	1.53	1.52	2.92
Diluted adjusted earnings per share	1.51	1.50	2.88

For the purposes of calculating the number of shares to be used above, 'B' shares have been treated as one tenth of an 'A' or 'C' share. The earnings per share calculation is based on earnings from continuing operations (after deducting preference dividends) and on the weighted average ordinary share capital which excludes shares held by trusts relating to employee share options and shares held in treasury of 1,391,473 (29 September 2007: 950,392 and 29 March 2008: 1,158,901).

Diluted earnings per share are calculated on the same earnings figure as for basic earnings per share, divided by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Adjusted earnings per share are calculated on profit before tax excluding exceptional items and on the same weighted average ordinary share capital as for the basic earnings per share.

7. DIVIDENDS

	<i>Unaudited</i> <i>26 weeks ended</i> <i>27 September</i> <i>2008</i> <i>£m</i>	<i>Unaudited</i> <i>26 weeks ended</i> <i>29 September</i> <i>2007</i> <i>£m</i>	<i>Audited</i> <i>52 weeks ended</i> <i>29 March</i> <i>2008</i> <i>£m</i>
Declared and paid during the period			
Equity dividends on ordinary shares:			
Final dividend paid in the period	3.8	3.6	3.6
Interim dividend paid in the period	-	-	1.6
Equity dividends paid (note 9)	3.8	3.6	5.2
Dividends on cumulative preference shares (note 4)	0.1	0.1	0.1
Dividends per 40p 'A' ordinary share or 40p 'C' ordinary share declared in respect of the period			
	<i>Pence</i>	<i>Pence</i>	<i>Pence</i>
Interim	2.85	2.80	2.80
Final	-	-	6.90
	2.85	2.80	9.70

The pence figures are for the 40p 'A' ordinary shares and 40p 'C' ordinary shares. The 4p 'B' ordinary shares carry dividend rights of one tenth of those applicable to the 40p 'A' ordinary shares. Own shares held in the Fuller Smith & Turner P.L.C. Employee Share Trust 1998 do not qualify for dividends as the trustees have waived their rights. Dividends are also not paid on own shares held as treasury shares.

The directors have declared an interim dividend of 2.85p (2007: 2.80p) for the 40p 'A' ordinary shares and 40p 'C' ordinary shares, and 0.285p (2007: 0.280p) for the 4p 'B' ordinary shares, with a total estimated cost to the Company of £1.6 million (2007: £1.6 million).

8. PROPERTY, PLANT AND EQUIPMENT

	<i>Unaudited</i> <i>26 weeks ended</i> <i>27 September</i> <i>2008</i> <i>£m</i>	<i>Unaudited</i> <i>26 weeks ended</i> <i>29 September</i> <i>2007</i> <i>£m</i>	<i>Audited</i> <i>52 weeks ended</i> <i>29 March</i> <i>2008</i> <i>£m</i>
Net book value at start of period	312.1	307.1	307.1
Additions	6.3	11.2	18.9
Disposals	(0.3)	(0.3)	(1.9)
Transfer from/(to) assets held for sale	1.8	(1.4)	(0.6)
Transfer to investment property	-	-	(0.5)
Impairment loss	-	-	(0.1)
Depreciation provided during the period	(5.6)	(5.4)	(10.8)
Net book value at end of period	314.3	311.2	312.1

9. RECONCILIATION OF MOVEMENTS IN TOTAL EQUITY

	<i>Unaudited</i> 26 weeks ended 27 September 2008 £m	<i>Unaudited</i> 26 weeks ended 29 September 2007 £m	<i>Audited</i> 52 weeks ended 29 March 2008 £m
Opening total equity	197.7	182.7	182.7
Total recognised income and expense for the period	7.0	14.0	22.1
Issues of new shares	-	0.1	0.1
Own shares purchased	(2.2)	(2.5)	(4.0)
Own shares released	0.3	0.2	0.4
Dividends paid	(3.8)	(3.6)	(5.2)
Cost of share-based payments	0.8	0.8	1.6
Closing total equity	199.8	191.7	197.7

10. ANALYSIS OF NET DEBT

<i>Unaudited - 26 weeks ended 27 September 2008</i>	<i>Opening</i> £m	<i>Cash flow</i> £m	<i>Non cash</i> £m	<i>Closing</i> £m
Cash and cash equivalents				
Cash and short term deposits	3.9	2.7	-	6.6
Bank overdraft	-	-	-	-
	3.9	2.7	-	6.6
Debt due within one year				
Bank loans	(6.3)	2.5	(3.7)	(7.5)
Loan notes	(1.8)	0.2	-	(1.6)
	(8.1)	2.7	(3.7)	(9.1)
Debt due after one year				
Bank loans	(62.7)	-	3.7	(59.0)
Debenture stock	(27.0)	-	-	(27.0)
Preference shares	(1.6)	-	-	(1.6)
	(91.3)	-	3.7	(87.6)
Net debt	(95.5)	5.4	-	(90.1)

10. ANALYSIS OF NET DEBT *(continued)*

<i>Unaudited - 26 weeks ended 29 September 2007</i>	<i>Opening £m</i>	<i>Cash flow £m</i>	<i>Non cash £m</i>	<i>Closing £m</i>
Cash and cash equivalents				
Cash and short term deposits	8.9	(7.6)	-	1.3
Bank overdraft	-	(2.5)	-	(2.5)
	8.9	(10.1)	-	(1.2)
Debt due within one year				
Bank loans	(5.0)	-	-	(5.0)
Loan notes	(2.8)	0.4	-	(2.4)
	(7.8)	0.4	-	(7.4)
Debt due after one year				
Bank loans	(69.0)	2.5	-	(66.5)
Debenture stock	(27.0)	-	-	(27.0)
Preference shares	(1.6)	-	-	(1.6)
	(97.6)	2.5	-	(95.1)
Net debt	(96.5)	(7.2)	-	(103.7)
<i>Audited - 52 weeks ended 29 March 2008</i>	<i>Opening £m</i>	<i>Cash flow £m</i>	<i>Non cash £m</i>	<i>Closing £m</i>
Cash and cash equivalents				
Cash and short term deposits	8.9	(5.0)	-	3.9
Bank overdraft	-	-	-	-
	8.9	(5.0)	-	3.9
Debt due within one year				
Bank loans	(5.0)	5.0	(6.3)	(6.3)
Loan notes	(2.8)	1.0	-	(1.8)
	(7.8)	6.0	(6.3)	(8.1)
Debt due after one year				
Bank loans	(69.0)	-	6.3	(62.7)
Debenture stock	(27.0)	-	-	(27.0)
Preference shares	(1.6)	-	-	(1.6)
	(97.6)	-	6.3	(91.3)
Net debt	(96.5)	1.0	-	(95.5)

11. RETIREMENT BENEFIT OBLIGATIONS

	<i>Unaudited</i> <i>26 weeks ended</i> <i>27 September</i> <i>2008</i> <i>£m</i>	<i>Unaudited</i> <i>26 weeks ended</i> <i>29 September</i> <i>2007</i> <i>£m</i>	<i>Audited</i> <i>52 weeks ended</i> <i>29 March</i> <i>2008</i> <i>£m</i>
The amount included in the Balance Sheet arising from the Group's obligations in respect of its defined benefit retirement plans			
Fair value of plan assets	57.3	62.6	61.2
Present value of scheme liabilities	(62.8)	(65.9)	(66.6)
Deficit in scheme	(5.5)	(3.3)	(5.4)

Key financial assumptions used in the valuation of the schemes

Rate of increase in salaries	3.90%	3.90%	3.80%
Rate of increase in pensions in payment	3.40%	3.40%	3.30%
Discount rate	6.90%	5.80%	6.30%
Inflation assumption	3.40%	3.40%	3.30%

Mortality assumptions

The mortality assumptions used in the valuation of the Plans as at 27 September 2008 are as set out in the financial statements for the 52 weeks ended 29 March 2008.

	<i>Value at</i> <i>27 September</i> <i>2008</i> <i>£m</i>	<i>Value at</i> <i>29 September</i> <i>2007</i> <i>£m</i>	<i>Value at</i> <i>29 March</i> <i>2008</i> <i>£m</i>
Assets in the scheme			
Bonds – Government	5.7	6.2	8.1
Bonds – Corporate	8.5	1.6	-
Equities	31.7	41.1	36.8
Property	0.8	0.9	0.8
Cash	9.8	11.9	14.6
Annuities	0.8	0.9	0.9
Total market value of assets	57.3	62.6	61.2

11. RETIREMENT BENEFIT OBLIGATIONS *(continued)*

	<i>Unaudited</i> <i>26 weeks ended</i> <i>27 September</i> <i>2008</i> <i>£m</i>	<i>Unaudited</i> <i>26 weeks ended</i> <i>29 September</i> <i>2007</i> <i>£m</i>	<i>Audited</i> <i>52 weeks ended</i> <i>29 March</i> <i>2008</i> <i>£m</i>
Movement in deficit during period			
Deficit in scheme at beginning of the period	(5.4)	<i>(16.0)</i>	<i>(16.0)</i>
Movement in period:			
Current service cost	(0.7)	<i>(0.9)</i>	<i>(2.0)</i>
Past service cost	-	-	<i>(2.4)</i>
Contributions	1.2	<i>9.2</i>	<i>10.5</i>
Other finance (expense)/income	(0.2)	<i>0.1</i>	<i>0.2</i>
Actuarial (losses)/gains	(0.4)	<i>4.3</i>	<i>4.3</i>
Deficit in scheme at end of the period	(5.5)	<i>(3.3)</i>	<i>(5.4)</i>

12. PRINCIPAL RISKS AND UNCERTAINTIES

Details of the risks and uncertainties which may affect the Company's performance in the next six months are set out in the financial statements for the 52 weeks ended 29 March 2008, which are available on the Fuller's website, www.fullers.co.uk. Principal among these in the current economic climate is that we remain exposed to the overall strength of the UK economy and its influence on consumer spending within the leisure industry. Other key risks also include the impact of new Government regulation, together with the risk that alcohol duties might increase and our ongoing exposure to incidents which may damage the reputation of the Company or its brands, or our ability to supply our customers. These remain unchanged except that recent global events have increased the uncertainty arising from the economic climate's influence on consumer spending within the leisure industry over the next six months.

13. SHAREHOLDERS' INFORMATION

Shareholders holding 40p 'C' ordinary shares are reminded that they have 30 days from 21 November 2008 should they wish to convert those 'C' shares to 'A' shares. The next available opportunity after that will be June 2009. For further details please contact the Company's registrars, Computershare on 0870 702 0003.

14. HALF YEAR REPORT

Copies of the half year report are being sent to shareholders and will be available from the Company's registered office: Griffin Brewery, Chiswick, London W4 2QB and the Company's website www.fullers.co.uk.

15. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm, to the best of their knowledge, that this condensed set of financial statements has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

By order of the Board

Michael Turner *Chairman*

James Douglas *Finance Director*

21 November 2008