



**FRIDAY 6 JUNE 2008**

**FULLER SMITH & TURNER P.L.C.**

**Financial results for the 52 weeks ended 29 March 2008**

**Financial Highlights**

- Revenue up 2% to £181.1 million (2007: £178.2 million)
- Adjusted profit before tax<sup>1</sup> up 4% to £23.0 million (2007: £22.1 million)
- Profit before tax of £23.8 million (2007: £42.2 million)
- EBITDA<sup>2</sup> of £40.5 million (2007: £40.7 million)
- Adjusted earnings per share<sup>3</sup> up 6% to 29.15p (2007: 27.58p)
- Basic earnings per share<sup>4</sup> of 34.33p (2007: 52.14p)
- Final dividend<sup>4</sup> up 6% to 6.90p (2007: 6.50p)

**Corporate Progress**

- Good underlying growth with adjusted profits up 4%
- Managed Pubs invested like for like sales up 3.2% (3.6% including hotels)
- Fuller's Inns profits level despite the sale of two hotels in 2007
- Own Beer volumes up 4%
- Beer Company profits up 1%
- Net exceptional profits of £0.8 million (2007: profits of £20.1 million)

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

*2 Pre-exceptional earnings before interest, tax, depreciation, loss on disposal of plant, property 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 Calculated on a 40p ordinary share*

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

"I am delighted to report another good set of results in what can only be described as a challenging year for the industry. Our adjusted profit before tax has risen by 4% to £23.0 million and our revenues have risen by 2% to £181.1 million.

"Our adjusted earnings per share have risen by 6% to 29.15p (2007: 27.58p) and we have achieved a 3.6% increase in invested like for like sales in our Managed Pubs and Hotels, one of the highest increases in the industry.

"Our consistent focus on quality, and commitment to outstanding cask conditioned ales, delicious food, great wines and exemplary service, continues to provide the best foundations for a stable business. We operate in the premium end of the market and believe this is the only place to be.

"We have a long-term strategy, strong balance sheet, excellent cash flow generation and an experienced management team and are well placed to meet the challenges ahead."

**- Ends -**

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### **Notes to Editors**

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

*Copies of this statement, the Preliminary Announcement and results presentation will be available on the Company's website, [www.fullers.co.uk](http://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.**  
**PRELIMINARY RESULTS FOR THE 52 WEEKS ENDED**  
**29 MARCH 2008**

**CHAIRMAN'S STATEMENT**

*Whatever You Do, Take Pride*

I am delighted to report another good set of results in what can only be described as a challenging year for the industry. Our adjusted profit before tax (excluding exceptional items) has risen by 4% to £23.0 million (2007: £22.1 million) and our revenues have risen by 2% to £181.1 million (2007: £178.2 million).

Our adjusted earnings per share have risen by 6% to 29.15p (2007: 27.58p) and we have achieved a 3.6% increase in invested like for like sales in our Managed Pubs and Hotels, one of the highest increases in the industry.

These results show that our underlying business continues to perform strongly, despite the many well-publicised factors creating tough conditions in our market. Our prior year results included an exceptional profit of £20.1 million from the very successful sale of two hotels, which makes the comparison of certain financial measures unrepresentative of underlying business performance. This year, exceptional profits before tax were £0.8 million, comprising profits of £5.3 million on the disposal of non-core properties and aggregate provisions for onerous leases and pension costs of £4.5 million. After exceptional items our profit before tax was therefore £23.8 million (2007: £42.2 million) and our basic earnings per share were 34.33p (2007: 52.14p).

Tax has been provided for at an effective rate of 29.5% (2007: 30.4%) on adjusted profits. Our overall tax expense for the year has been further reduced as the result of a £2.4 million non-recurring deferred tax credit relating to the changes in Corporation Tax rates from 30% to 28%.

Fuller's Inns continues to benefit from a consistent strategy based on quality over quantity, with well-invested pubs underpinned by the excellent delivery of our key offering of outstanding cask conditioned ales, delicious food, great wines and exemplary service. Revenues of £141.5 million (2007: £140.9 million) and pre exceptional operating profits of £23.9 million (2007: £24.0 million) matched the levels achieved last year despite the lost contribution from the hotels we sold in 2007. We were particularly pleased to finish the year by collecting the trophies for both Managed Pub Company of the Year (100+ outlets) and Tenanted Pub Company of the Year (200+ outlets) at *The Publican Newspaper* annual industry awards.

The Fuller's Beer Company has also fared well, with pre exceptional operating profits rising by 1% to £8.0 million (2007: £7.9 million) on revenues that have increased by 3%

to £60.3 million (2007: £58.4 million). Our Own Beer volumes were particularly pleasing, with overall growth of 4% spread across the range of brands. London Pride continues to lead the premium ale market and has again grown market share in all sectors.

EBITDA declined marginally to £40.5 million (2007: £40.7 million). The Group's net debt has reduced to £95.5 million (2007: £96.5 million) despite special contributions of £8.0 million made to the Group's defined benefit pension scheme (2007: £2.0 million). The accounting deficit for defined benefit pensions was £5.4 million at the year end (2007: £16.0 million). Going forward we have agreed with the Trustees of the scheme to make additional contributions of £0.5 million per annum to the scheme in order to reduce the deficit further.

Net debt to EBITDA was unchanged at 2.4 times and, in addition, our interest cover has improved substantially to 4.6 times (2007: 3.9 times). With this low level of debt and continued strong cash flow generation we remain well positioned to finance further investment within the estate and to expand our business.

We continue to deliver excellent returns for our shareholders and the Board recommends an increase of 6% in the final dividend to 6.90p (2007: 6.50p) per 40p 'A' and 'C' ordinary share and 0.69p (2007: 0.65p) per 4p 'B' ordinary share. This will be paid on 25 July 2008 to shareholders on the share register as at 27 June 2008.

## **FULLER'S INNS**

Following a good first half, we experienced a tougher trading environment in the last six months. Despite this, we finished the year with invested like for like sales growth in Managed Pubs and Hotels of 3.6%, a figure which is yet again among the best in our sector. Overall, our pre exceptional operating profits and revenues are level at £23.9 million (2007: £24.0 million) and £141.5 million (2007: 140.9 million) respectively and this after having sold two hotels last year.

We continue to operate at the premium end of the market and believe we are well placed to withstand the current economic turmoil. To maintain our position, we continue to improve the quality of our estate, having increased the amount we spend to ensure our pubs are in first class condition.

Accommodation has been a major focus for Fuller's Inns this year and we have identified a number of sites that have the potential to develop bedroom business. For the last 18 months, we have been leveraging the expertise of our Hotels team to grow this business and a number of our pubs now offer superb boutique style bedrooms, with the highest quality finishing touches, enabling us to charge a premium rate. As more pubs are developed to this template, we will, from this year, be reporting Managed Pubs and Hotels together.

We continue to develop and grow our customer base via excellent retail marketing and improved recruitment of the best managers, tenants, lessees and staff throughout the estate. We have also introduced a new website, with a popular pub finder facility, which has helped to promote our pubs to a wider audience. We are developing e-commerce,

making more and more products available through on line ordering, streamlining our processes and providing our managers with greater flexibility.

The size of our retail estate has not changed significantly, with two purchases for the managed estate, and stood at 360 on 29 March 2008. Of this number, 203 were tenanted or leased pubs and 157 were managed pubs or hotels.

In the *Morning Advertiser's* list of the 50 Best Pubs in the UK, we were delighted to see two of our pubs feature in the top 10. The Basketmaker's Arms, a tenanted pub in Brighton, was sixth while the Churchill Arms, our iconic managed pub in Kensington, won the accolade of Britain's best pub.

### ***Managed Pubs (including Hotels)***

Despite the sale of our two largest hotels last year, revenues across our Managed Pubs and Hotels business have remained level. Invested like for like sales and revpar in our Hotels rose by 7.5% and 8.9% respectively and invested like for like sales in our Managed Pubs rose by 3.2%. With only six remaining hotels in our estate and more of our managed pubs offering accommodation, we have decided to treat our Managed Pubs and Hotels as one business. Combined Managed Pubs and Hotels invested like for like sales rose by 3.6% and it is this measure that we will be reporting from now on.

Food and accommodation remain the key growth drivers. Food sales have risen by 8% and now represent 27% of revenue (2007: 25%), excluding the 13 pubs where food is provided by Thai franchisees. Accommodation now accounts for 7% of total revenue, down from 8% in 2007 as a result of the sale of the Brigstow and Master Brewer hotels. We now have 494 bedrooms across all the properties in the managed estate.

We believe that the growth in food sales is helped by our focus on locally sourced, freshly cooked meals. Our customers welcome this commitment to quality and provenance and we have worked hard to build links with local farmers and to introduce initiatives such as Hampshire Fare, while still maintaining a manageable number of direct suppliers. This commitment was a crucial factor in winning the Managed Pub Company of the Year title and we will continue to develop our relationships with these local suppliers.

We have completed 18 major projects during the year (2007: 21) and spent record levels on general maintenance and repair to keep our estate in excellent condition. We acquired two houses for the managed estate – the Pilgrim's Inn at Marchwood and the Ivy House at Chalfont St Giles – and transferred six pubs to Tenanted Inns.

Our retail marketing team continued to find ways to encourage new customers through the door with initiatives such as Action Week last October. In this example, every pub in our managed estate was tasked with putting on at least one event during this usually quiet seven days and the results were outstanding. It motivated the managers and their teams, created excitement around the pub, rewarded our existing customers with something different and attracted new business. We will be repeating this in 2008.

### ***Tenanted Inns***

Our tenanted business has had a good year with revenues up by 5% and average revenue per pub rising by 2.4%. Our like for like sales have risen by 0.3% and profits are up 4%.

There has been significant investment in the estate, with a 6% rise in refurbishment costs, and we believe the quality of our pubs and the character and enthusiasm of our licensees were major factors in winning the Tenanted Pub Company of the Year award.

We have also worked hard to help our lessees combat the smoking ban, particularly in those houses that did not previously serve food. We have helped these pubs to invest in low skill food solutions and the results have been very rewarding.

### **THE FULLER'S BEER COMPANY**

The Fuller's Beer Company has had a good year with a 1% increase in pre exceptional operating profits to £8.0 million (2007: £7.9 million) and revenue rising by 3% to £60.3 million (2007: £58.4 million).

Our Own Beer volumes rose strongly by 4%, helped by growth of 7% in the off trade and 21% in exports where we continue to break into new markets such as Russia, Japan and China. Our foreign beer volumes, however, have fallen as a result of the weather and the smoking ban and are down by 4% against an on-trade lager market down 7%.

As a leading cask ale brewer, it is pleasing to report that cask ale has grown its share of the draught beer market for the first time in a decade. In addition premium cask ale and premium bottled ale are both in growth.

London Pride continues to lead the premium ale market and has again grown its market share in all sectors. Our sponsorships of the English Golf Union and the London Marathon are now in their second year and are providing a great platform for growing sales and raising brand awareness. We ran television, cinema and poster advertising campaigns during the year and our sponsorship of the World Match Play golf tournament at Wentworth resulted in substantial coverage on terrestrial television.

It has been another good year for our other brands too with, for example, Organic Honey Dew showing excellent growth. In addition, we continue to pick up awards for our beers with London Porter, Discovery, London Pride and ESB all featuring in the *International Beer Challenge 2007* list of the World's 50 Best Beers.

We are currently marketing for sale the former Gales Brewery site in Horndean. At the end of the year we purchased the freehold of a smaller replacement site close by, at Dell Piece East, where we are about to start building a bespoke warehouse and distribution centre. We aim to be fully operational by spring 2009 and the cost should be more than covered by the proceeds from the Horndean Brewery sale.

Finally, the Wine Division had another good year with profits up by 9%. Particularly pleasing was the growth of our agency wine business, which now contributes around a third of our total wine sales and is well placed to make further progress in the coming year.

## **PEOPLE**

During the year, we welcomed James Douglas onto the Board and he was appointed Finance Director on 1 January 2008. Paul Clarke retired as a Director on 30 April 2008 and I would like to take this opportunity to thank him for his support and guidance during his very successful 17 years as Finance Director. I further thank all of our employees for their dedication and hard work over the last year. They are an outstanding team and it is their efforts that make us stand out from the crowd

## **CURRENT TRADING AND PROSPECTS**

We have had a solid start to the new financial year with invested like for like sales in our Managed Pubs and Hotels growing by 2.4% for the nine weeks to 31 May 2008.

The current inflationary pressures in the UK, particularly on grain, food and energy, are both pushing up our costs and squeezing our customers' disposable incomes. Despite these inflationary pressures, we intend to hold our gross margins across both our retail and brewing operations.

In 2007/8 our gas and electricity costs alone increased by £0.6m. We have fixed prices for around half of our energy consumption but, at current market prices, we would see this cost to the business rise again by at least a further £1.2 million in the coming 12 months.

We enter the coming year with a pub estate in excellent condition and the best possible beer brands on the bar. We will, nevertheless, continue to invest in our pubs and brewery and plan to spend approximately £16 million in capital investment projects (excluding any pub acquisitions) during this new financial year.

Our consistent focus on quality, and commitment to outstanding cask conditioned ales, delicious food, great wines and exemplary service, continues to provide the best foundations for a stable business. We operate in the premium end of the market and believe this is the only place to be.

We have a long-term strategy, strong balance sheet, excellent cash flow generation and an experienced management team and are well placed to meet the challenges ahead.

Michael Turner  
Chairman  
6 June 2008

**FULLER SMITH & TURNER P.L.C.**  
**FINANCIAL HIGHLIGHTS**  
**FOR THE 52 WEEKS ENDED 29 MARCH 2008**

	<i>52 weeks to 29 March 2008 £m</i>	<i>52 weeks to 31 March 2007 £m</i>	<i>Change</i>
<b>Revenue</b>	<b>181.1</b>	178.2	<b>+2%</b>
<b>Adjusted profits<sup>1</sup></b>	<b>23.0</b>	22.1	<b>+4%</b>
<b>Profit before tax</b>	<b>23.8</b>	42.2	<b>-44%</b>
<b>EBITDA<sup>2</sup></b>	<b>40.5</b>	40.7	<b>-1%</b>
<b>Adjusted earnings per share<sup>3</sup></b>	<b>29.15p</b>	27.58p	<b>+6%</b>
<b>Basic earnings per share<sup>4</sup></b>	<b>34.33p</b>	52.14p	<b>-34%</b>
<b>Dividend per share<sup>4</sup></b>	<b>9.70p</b>	9.09p	<b>+7%</b>
<b>Net debt<sup>5</sup></b>	<b>95.5</b>	96.5	
<b>Net debt / EBITDA</b>	<b>2.4</b>	2.4	

1. *Adjusted profits 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. *Calculated on a 40p ordinary share.*
5. *Net debt comprises cash, bank loans, loan notes, debenture stock and preference shares.*

*Per share measures for the 52 weeks to 31 March 2007 have been restated for the effects of the five for two share split as if the share split had occurred on the first day of this period.*



**FULLER SMITH & TURNER P.L.C.**  
**UNAUDITED GROUP INCOME STATEMENT**  
**FOR THE 52 WEEKS ENDED 29 MARCH 2008**

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

		<i>52 weeks to 31 March 2007</i>		
		<i>Before</i>	<i>Exceptional</i>	<i>Total</i>
	<i>Note</i>	<i>exceptional</i>	<i>items</i>	<i>£m</i>
		<i>£m</i>	<i>£m</i>	<i>£m</i>
<b>Revenue</b>	<b>2</b>	<b>178.2</b>	<b>-</b>	<b>178.2</b>
Operating costs	3	(148.4)	(0.4)	(148.8)
<b>Operating profit</b>		<b>29.8</b>	<b>(0.4)</b>	<b>29.4</b>
Profit on disposal of properties	3	-	20.5	20.5
Finance revenue	4	0.4	-	0.4
Finance costs	4	(8.1)	-	(8.1)
<b>Profit before tax</b>		<b>22.1</b>	<b>20.1</b>	<b>42.2</b>
Taxation	5	(6.7)	(6.4)	(13.1)
<b>Profit for the year attributable to equity shareholders of the parent company</b>		<b>15.4</b>	<b>13.7</b>	<b>29.1</b>

## EARNINGS PER SHARE

		<i>2008</i>	<i>2007</i>
		<b>Pence</b>	Pence
<b>Per 40p 'A' ordinary share or unquoted 40p 'C' ordinary share</b>			
Basic	<b>6</b>	<b>34.33</b>	52.14
Diluted	<b>6</b>	<b>33.89</b>	51.52
Adjusted	<b>6</b>	<b>29.15</b>	27.58
Diluted adjusted	<b>6</b>	<b>28.78</b>	27.25
<b>Per unquoted 4p 'B' ordinary share</b>			
Basic	<b>6</b>	<b>3.43</b>	5.21
Diluted	<b>6</b>	<b>3.39</b>	5.15
Adjusted	<b>6</b>	<b>2.92</b>	2.76
Diluted adjusted	<b>6</b>	<b>2.88</b>	2.73

The results and earnings per share measures above are all in respect of the continuing operations of the Group.

Earnings per share measures for the 52 weeks to 31 March 2007 have been restated for the effects of the five for two share split (note 6) as if the share split had occurred on the first day of this period.

**FULLER SMITH & TURNER P.L.C.**  
**UNAUDITED GROUP BALANCE SHEET**  
**29 MARCH 2008**

	<i>Note</i>	<i>2008</i> <i>£m</i>	<i>2007</i> <i>£m</i>
<b>Non-current assets</b>			
Goodwill		24.5	24.5
Property, plant and equipment	8	312.1	307.1
Investment properties		8.7	4.0
Financial assets		0.3	1.2
Other non-current assets		0.9	1.0
Deferred tax assets		4.1	8.1
<b>Total non-current assets</b>		<b>350.6</b>	<b>345.9</b>
<b>Current assets</b>			
Inventories		5.8	5.4
Trade and other receivables		15.7	15.0
Cash and cash equivalents		3.9	8.9
<b>Total current assets</b>		<b>25.4</b>	<b>29.3</b>
<b>Assets classified as held for sale</b>		<b>1.8</b>	<b>6.5</b>
<b>Current liabilities</b>			
Bank loans		6.3	5.0
Loan notes		1.8	2.8
Trade and other payables		33.3	33.9
Current tax payable		1.0	2.7
<b>Total current liabilities</b>		<b>42.4</b>	<b>44.4</b>
<b>Non-current liabilities</b>			
Bank loans		62.7	69.0
Debenture stock		27.0	27.0
Preference shares		1.6	1.6
Other payables		1.7	-
Retirement benefit obligations	11	5.4	16.0
Deferred tax liabilities		39.3	41.0
<b>Total non-current liabilities</b>		<b>137.7</b>	<b>154.6</b>
<b>Net assets</b>		<b>197.7</b>	<b>182.7</b>
<b>Capital and reserves</b>			
Share capital		22.8	22.8
Share premium account		4.8	4.7
Capital redemption reserve		3.1	3.1
Own shares		(6.0)	(5.2)
Hedging reserve		0.2	0.8
Retained earnings		172.8	156.5
<b>Total shareholders' equity</b>	9	<b>197.7</b>	<b>182.7</b>

**FULLER SMITH & TURNER P.L.C.**  
**UNAUDITED GROUP CASH FLOW STATEMENT**  
**FOR THE 52 WEEKS ENDED 29 MARCH 2008**

	<i>52 weeks to 29 March 2008</i>	<i>52 weeks to 31 March 2007</i>
<i>Note</i>	<i>£m</i>	<i>£m</i>
<b>Group profit before tax</b>	<b>23.8</b>	42.2
Net interest expense	<b>6.4</b>	7.7
Exceptional items	<b>(0.8)</b>	(20.1)
Depreciation	<b>10.8</b>	10.8
Loss on disposal of property, plant and equipment	<b>0.3</b>	0.1
Difference between pension charge and cash paid	<b>(8.5)</b>	(3.1)
Share-based payment charges	<b>1.6</b>	1.4
Change in trade and other receivables	<b>(0.6)</b>	(0.3)
Change in inventories	<b>(0.4)</b>	0.1
Change in trade and other payables	<b>(1.3)</b>	(0.9)
<b>Cash generated from operations</b>	<b>31.3</b>	37.9
Tax paid	<b>(4.7)</b>	(5.1)
<b>Cash generated from operating activities</b>	<b>26.6</b>	32.8
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	<b>(18.5)</b>	(21.7)
Sale of property, plant and equipment	<b>8.2</b>	37.7
Interest received	<b>0.2</b>	0.4
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(10.1)</b>	16.4
<b>Cash flow from financing activities</b>		
Proceeds from issue of share capital	<b>0.1</b>	0.5
Purchase of own shares	<b>(4.0)</b>	(3.6)
Sale of own shares to option schemes	<b>0.4</b>	0.3
Interest paid	<b>(6.7)</b>	(8.1)
Preference dividends paid	<b>(0.1)</b>	(0.1)
Equity dividends paid	<b>(5.2)</b>	(4.7)
Repayment of loan notes	<b>(1.0)</b>	(0.2)
Repayment of bank loans	<b>(5.0)</b>	(25.5)
<b>Net cash outflow from financing activities</b>	<b>(21.5)</b>	(41.4)
<b>Net movement in cash and cash equivalents</b>	<b>(5.0)</b>	7.8
Cash and cash equivalents at the start of the year	<b>8.9</b>	1.1
<b>Cash and cash equivalent at the end of the year</b>	<b>10 3.9</b>	8.9

There were no significant non-cash transactions during either year.

**FULLER SMITH & TURNER P.L.C.**  
**UNAUDITED GROUP STATEMENT OF RECOGNISED INCOME AND**  
**EXPENSE**  
**FOR THE 52 WEEKS ENDED 29 MARCH 2008**

	<i>52 weeks to</i> <b>29 March</b> <i>2008</i> <i>£m</i>	<i>52 weeks to</i> <i>31 March</i> <i>2007</i> <i>£m</i>
	<i>Note</i>	
Reduction in deferred tax liability due to indexation	<b>0.4</b>	0.4
Net (losses)/gains on valuation of financial assets	<b>(0.7)</b>	0.8
Tax on share-based payments	<b>0.4</b>	1.0
Deferred tax adjustment for change in corporation tax rate	<b>(0.3)</b>	-
Net actuarial gains on pension schemes	<b>4.3</b>	2.6
Deferred tax on actuarial gains on pension schemes	<b>(1.1)</b>	(0.7)
<b>Income and expense recognised directly in equity</b>	<b>3.0</b>	4.1
Profit for the year	<b>19.1</b>	29.1
<b>Total recognised income and expense for the year</b>	<b>9</b> <b>22.1</b>	<b>33.2</b>

**FULLER SMITH & TURNER P.L.C.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE 52 WEEKS ENDED 29 MARCH 2008**

**1. PRELIMINARY STATEMENT**

The financial information set out in this preliminary statement was approved by the Board on 6 June 2008.

This statement does not constitute full financial statements as defined by Section 240 of the Companies Act 1985. Full financial statements for the 52 weeks to 31 March 2007, 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.

*Basis of preparation – new accounting standards*

The unaudited financial information in this statement has been prepared in all material respects on the basis of the accounting policies set out in the Group's 2007 financial statements, and in accordance with applicable accounting standards except as detailed below.

The Group has adopted IFRS 7 for the 52 weeks ended 29 March 2008. IFRS 7 Financial Instruments: Disclosures has superseded IAS 32 Financial Instruments: Disclosure and Presentation, adding certain new disclosures about financial instruments to those currently required by IAS 32. The Group has also adopted IAS 1 Amendment – Presentation of Financial Statements for the 52 weeks ended 29 March 2008. This has had no effect on the financial position of the Group but has required additional disclosures.

The Group financial statements are presented in Sterling and all values are rounded to the nearest hundred thousand pounds (£m), except when otherwise indicated.

The accounting policies used have been applied consistently and are described in full in the statutory financial statements for the 52 weeks to 29 March 2008, which will be mailed to shareholders on or before Tuesday 24 June 2008 and delivered to the Registrar of Companies. The financial statements will also be available from the Company's registered office: Griffin Brewery, Chiswick, London W4 2QB, and on its website, from that date.

## 2. SEGMENTAL ANALYSIS

52 weeks to 29 March 2008	Fuller's Inns £m	Fuller's Beer Company £m	Unallocated* £m	Total £m
<b>Revenue</b>				
Segment revenue	141.5	60.3	-	201.8
Inter-segment sales	-	(20.7)	-	(20.7)
<b>Revenue from third parties</b>	<b>141.5</b>	<b>39.6</b>	<b>-</b>	<b>181.1</b>
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
<b>Segment result</b>	<b>26.2</b>	<b>6.5</b>	<b>(2.5)</b>	<b>30.2</b>
Net finance cost				(6.4)
<b>Profit before tax</b>				<b>23.8</b>

52 weeks to 31 March 2007	Fuller's Inns £m	Fuller's Beer Company £m	Unallocated* £m	Total £m
<b>Revenue</b>				
Segment revenue	140.9	58.4	-	199.3
Inter-segment sales	-	(21.1)	-	(21.1)
Revenue from third parties	140.9	37.3	-	178.2
Operating profit pre-exceptionals	24.0	7.9	(2.1)	29.8
Operating exceptional items	(0.4)	-	-	(0.4)
Operating profit	23.6	7.9	(2.1)	29.4
Profit on disposal of properties	20.5	-	-	20.5
<b>Segment result</b>	<b>44.1</b>	<b>7.9</b>	<b>(2.1)</b>	<b>49.9</b>
Net finance cost				(7.7)
<b>Profit before tax</b>				<b>42.2</b>

\* Unallocated expenses represent primarily the salary and property costs charged to central management.

### 3. EXCEPTIONAL ITEMS

	<i>52 weeks to 29 March 2008 £m</i>	<i>52 weeks to 31 March 2007 £m</i>
Amounts included in operating profit:		
Onerous lease charge	(2.1)	-
Past service cost in respect of pension liability	(2.4)	-
Write down of assets held for sale	-	(0.4)
	<u>(4.5)</u>	<u>(0.4)</u>
Profit on disposal of properties	5.3	20.5
<b>Total exceptional items before tax</b>	<b><u>0.8</u></b>	<b><u>20.1</u></b>

The profit on disposal of properties during the 52 weeks to 29 March 2008 relates to the disposal of nine licensed and unlicensed properties. The profit on disposal of properties during the 52 weeks to 31 March 2007 relates in the main to the disposal of the Brigstow and Master Brewer Hotels.

The onerous lease charge of £2.1 million relates to a provision made at 29 March 2008 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 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>52 weeks to 29 March 2008 £m</i>	<i>52 weeks to 31 March 2007 £m</i>
<b>Interest receivable from:</b>		
Cash and cash equivalents	0.1	0.4
Finance income on net pension liabilities	0.2	-
	<u>0.3</u>	<u>0.4</u>
<b>Interest expense arising on:</b>		
Financial liabilities at amortised cost – borrowings	6.6	7.8
Financial liabilities at amortised cost – preference shares	0.1	0.1
Total interest expense for financial liabilities	6.7	7.9
Finance charge on net pension liabilities	-	0.2
	<u>6.7</u>	<u>8.1</u>



## 5. TAXATION

	<i>52 weeks to 29 March 2008 £m</i>	<i>52 weeks to 31 March 2007 £m</i>
<b>Tax on profit on ordinary activities</b>		
Current income tax:		
Corporation tax	4.0	6.5
Amounts over provided in previous years	(0.5)	(0.2)
Total current income tax	<u>3.5</u>	<u>6.3</u>
Deferred tax:		
Origination and reversal of temporary differences	3.6	6.6
Credit in relation to change in corporation tax rate	(2.4)	-
Amounts under provided in previous years	-	0.2
Total deferred tax	<u>1.2</u>	<u>6.8</u>
<b>Total tax charged in the income statement</b>	<b><u>4.7</u></b>	<b><u>13.1</u></b>
<b>Tax relating to items charged/(credited) to equity</b>		
Deferred tax:		
Reduction in deferred tax liability due to indexation	(0.4)	(0.4)
Actuarial gains on pension schemes	1.1	0.7
Financial assets	(0.2)	0.4
Share-based payments	0.3	(1.0)
Charge in relation to change in corporation tax rate	0.3	-
Current tax:		
Share-based payments	(0.7)	-
<b>Tax charge/(credit) included in the statement of recognised income and expense</b>	<b><u>0.4</u></b>	<b><u>(0.3)</u></b>

During the year Finance Act 2007 has been enacted. The main impact is that the rate of UK corporation tax will reduce from 30% to 28% from 1 April 2008. To the extent that this rate change will affect the amount of future cash tax payments to be made by the Group, this will reduce the size of both the Group's balance sheet deferred tax liability and deferred tax asset.

The impact in the 52 weeks to 29 March 2008 is a credit to the Income Statement of £2.8 million, of which £2.4 million has been recognised as an exceptional item, and a further charge to equity of £0.3 million.

## 6. EARNINGS PER SHARE

	<i>52 weeks to 29 March 2008 £m</i>	<i>52 weeks to 31 March 2007 £m</i>
Profit attributable to equity shareholders	<b>19.1</b>	29.1
Exceptional items net of tax	<b>(2.9)</b>	(13.7)
Adjusted earnings attributable to equity shareholders	<b>16.2</b>	15.4
	<i>Number</i>	<i>Number</i>
Weighted average share capital	<b>55,812,000</b>	55,838,000
Dilutive outstanding options and share awards	<b>724,000</b>	665,000
Diluted weighted average share capital	<b>56,536,000</b>	56,503,000
<b>40p 'A' ordinary share or unquoted 40p 'C' ordinary share</b>	<i>Pence</i>	<i>Pence</i>
Basic earnings per share	<b>34.33</b>	52.14
Diluted earnings per share	<b>33.89</b>	51.52
Adjusted earnings per share	<b>29.15</b>	27.58
Diluted adjusted earnings per share	<b>28.78</b>	27.25
<b>Unquoted 4p 'B' ordinary share</b>	<i>Pence</i>	<i>Pence</i>
Basic earnings per share	<b>3.43</b>	5.21
Diluted earnings per share	<b>3.39</b>	5.15
Adjusted earnings per share	<b>2.92</b>	2.76
Diluted adjusted earnings per share	<b>2.88</b>	2.73

During the year the shareholders of the Company agreed a sub-division of each of the three classes of ordinary shares ("the share split"). Every two £1 'A' ordinary or £1 'C' ordinary shares became five new 40p 'A' ordinary or 40p 'C' ordinary shares and every two 10p 'B' shares became five 4p 'B' shares. This was completed on 6 August 2007.

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 1,158,901 (2007: 1,153,935). Comparative information for the 52 weeks to 31 March 2007 has been restated for the effects of the share split.

Diluted earnings per share are calculated using 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>52 weeks to 29 March 2008 £m</i>	<i>52 weeks to 31 March 2007 £m</i>
<b>Declared and paid during the year</b>		
Equity dividends on ordinary shares:		
Final dividend for 2007: 6.50p (2006: 5.65p)	<b>3.6</b>	3.2
Interim dividend for 2008: 2.80p (2007: 2.59p)	<b>1.6</b>	1.5
Equity dividends paid (note 9)	<b>5.2</b>	4.7
Dividends on cumulative preference shares (note 4)	<b>0.1</b>	0.1
<b>Proposed for approval at the AGM</b>		
Final dividend for 2008: 6.90p (2007: 6.50p)	<b>3.8</b>	3.6

The pence figures are for the 40p 'A' ordinary shares and unquoted 40p 'C' ordinary shares. The unquoted 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. Comparative information for the 52 weeks to 31 March 2007 has been restated for the effects of the share split.

## 8. PROPERTY, PLANT AND EQUIPMENT

	<i>Land &amp; buildings £m</i>	<i>Plant, machinery &amp; vehicles £m</i>	<i>Containers, fixtures &amp; fittings £m</i>	<i>Total £m</i>
<b>Cost</b>				
At 1 April 2006	279.0	23.9	69.3	372.2
Additions	12.4	0.7	8.6	21.7
Disposals	(15.8)	(0.2)	(7.6)	(23.6)
Transfer to assets held for sale	(2.7)	-	(0.5)	(3.2)
<b>At 31 March 2007</b>	<b>272.9</b>	<b>24.4</b>	<b>69.8</b>	<b>367.1</b>
Additions	9.3	1.5	8.1	18.9
Disposals	(1.5)	(0.8)	(1.2)	(3.5)
Transfer to investment property	(0.5)	-	-	(0.5)
Transfer to assets held for sale	(0.6)	-	(0.1)	(0.7)
<b>At 29 March 2008</b>	<b>279.6</b>	<b>25.1</b>	<b>76.6</b>	<b>381.3</b>
<b>Depreciation and impairment</b>				
At 1 April 2006	10.3	13.2	32.7	56.2
Provided during the year	1.5	1.6	7.6	10.7
Disposals	(2.3)	(0.2)	(3.9)	(6.4)
Transfer to assets held for sale	(0.2)	-	(0.3)	(0.5)
<b>At 31 March 2007</b>	<b>9.3</b>	<b>14.6</b>	<b>36.1</b>	<b>60.0</b>
Provided during the year	1.7	1.4	7.7	10.8
Impairment loss	-	-	0.1	0.1
Disposals	(0.1)	(0.7)	(0.8)	(1.6)
Transfer to assets held for sale	(0.1)	-	-	(0.1)
<b>At 29 March 2008</b>	<b>10.8</b>	<b>15.3</b>	<b>43.1</b>	<b>69.2</b>
<b>Net book value at 29 March 2008</b>	<b>268.8</b>	<b>9.8</b>	<b>33.5</b>	<b>312.1</b>
Net book value at 31 March 2007	263.6	9.8	33.7	307.1
Net book value at 1 April 2006	268.7	10.7	36.6	316.0

## 9. SUMMARY RECONCILIATION OF MOVEMENTS IN TOTAL EQUITY

	<i>At 29 March 2008 £m</i>	<i>At 31 March 2007 £m</i>
<b>Opening total equity</b>	<b>182.7</b>	155.6
Total recognised income and expense for the year	<b>22.1</b>	33.2
Issues of new shares	<b>0.1</b>	0.5
Shares repurchased	<b>(4.0)</b>	(3.6)
Own shares released	<b>0.4</b>	0.3
Dividends declared and paid	<b>(5.2)</b>	(4.7)
Cost of share-based payments	<b>1.6</b>	1.4
<b>Closing total equity</b>	<b>197.7</b>	182.7

## 10. ANALYSIS OF NET DEBT

<b>52 weeks to 29 March 2008</b>	<i>Opening £m</i>	<i>Cash flow £m</i>	<i>Non cash £m</i>	<i>Closing £m</i>
<b>Cash and cash equivalents</b>				
Cash and short term deposits	8.9	(5.0)	-	3.9
	8.9	(5.0)	-	3.9
<b>Debt due within one year</b>				
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)
<b>Debt due after one year</b>				
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)
<b>Net debt</b>	<b>(96.5)</b>	<b>1.0</b>	<b>-</b>	<b>(95.5)</b>
<b>52 weeks to 31 March 2007</b>	<i>Opening £m</i>	<i>Cash flow £m</i>	<i>Non cash £m</i>	<i>Closing £m</i>
<b>Cash and cash equivalents</b>				
Cash and short term deposits	1.4	7.5	-	8.9
Bank overdraft	(0.3)	0.3	-	-
	1.1	7.8	-	8.9
<b>Debt due within one year</b>				
Bank loans	(2.5)	2.5	(5.0)	(5.0)
Loan notes	-	-	(2.8)	(2.8)
	(2.5)	2.5	(7.8)	(7.8)
<b>Debt due after one year</b>				
Bank loans	(97.0)	23.0	5.0	(69.0)
Debenture stock	(27.0)	-	-	(27.0)
Loan notes	(3.0)	0.2	2.8	-
Preference shares	(1.6)	-	-	(1.6)
	(128.6)	23.2	7.8	(97.6)
<b>Net debt</b>	<b>(130.0)</b>	<b>33.5</b>	<b>-</b>	<b>(96.5)</b>

## 11. RETIREMENT BENEFIT OBLIGATIONS

	<i>At 29 March 2008</i>	<i>At 31 March 2007</i>
<b>Key financial assumptions used in the valuation of the scheme</b>		
Rate of increase in salaries	<b>3.80%</b>	3.70%
Rate of increase in pensions in payment	<b>3.30%</b>	3.20%
Discount rate	<b>6.30%</b>	5.30%
Inflation assumption	<b>3.30%</b>	3.20%
	<i>£m</i>	<i>£m</i>
<b>The amount included in the Balance Sheet arising from the Group's obligations in respect of its defined benefit retirement plans</b>		
Fair value of plan assets	<b>61.2</b>	52.3
Present value of scheme liabilities	<b>(66.6)</b>	(68.3)
<b>Deficit in the scheme</b>	<b>(5.4)</b>	(16.0)
<b>Movements in the fair value of scheme assets during the year</b>		
Fair value at beginning of the year	<b>52.3</b>	45.2
Expected return on scheme assets	<b>3.8</b>	3.0
Actuarial (losses) / gains	<b>(4.0)</b>	0.5
Employer contributions	<b>2.5</b>	3.2
Employer special contributions	<b>8.0</b>	2.0
Employee contributions	<b>0.6</b>	0.7
Benefits paid	<b>(2.0)</b>	(2.3)
<b>Fair value at end of the year</b>	<b>61.2</b>	52.3
<b>Movement in the present value of defined benefit obligations during the year</b>		
Present value of obligation at beginning of the year	<b>(68.3)</b>	(66.9)
Current service cost	<b>(2.0)</b>	(1.8)
Interest cost	<b>(3.6)</b>	(3.2)
Employee contributions	<b>(0.6)</b>	(0.7)
Benefits paid	<b>2.0</b>	2.3
Past service cost	<b>(2.4)</b>	(0.2)
Gain on curtailment	<b>-</b>	0.1
Actuarial gains	<b>8.3</b>	2.1
<b>Present value of obligation at end of the year</b>	<b>(66.6)</b>	(68.3)

## 12. SHAREHOLDERS' INFORMATION

Shareholders holding 40p 'C' ordinary shares are reminded that they have 30 days from 6 June 2008 should they wish to convert those 'C' shares to 'A' shares. The next available opportunity after that will be November 2008. For further details please contact the Company's registrars, Computershare on 0870 702 0003.