28 March 2006

The Wolverhampton & Dudley Breweries, PLC

Adoption of International Financial Reporting Standards (IFRS)

The Wolverhampton & Dudley Breweries, PLC ("the Group") today releases restated consolidated financial information for the year ended 1 October 2005, applying International Financial Reporting Standards.

The adoption of IFRS will have no impact on the underlying business, cash flows or debt covenants of the Group.

The key headlines are:

	Year ended 1 October 2005		
	UK GAAP	IFRS	Change
Revenue (£m)	597.3	556.1	(41.2)
Profit before tax (£m)	47.9	54.2	6.3
Profit after tax (£m)	33.4	39.1	5.7
Basic earnings per share (pence)	44.3	51.9	7.6
Net assets as at 1 October 2005 (£m)	758.5	652.1	(106.4)

The accounting policy changes that have the most significant impact on the financial statements of the Group for the year ended 1 October 2005 are:

- Excise duty excluded from turnover and operating expenses - no impact on operating profit.
- Goodwill amortisation ceases - operating profit increased by £7.1m.
- Deferred tax liability recognised on property revaluation - net assets reduced by £89.9m, tax charge reduced by £1.0m.
- Post employment obligations - net assets reduced by £65.6m excluding deferred tax.
- Timing of the recognition of dividends - net assets increased by £19.8m.

These changes are further explained in Section 4 'Changes from UK Generally Accepted Accounting Principles (UK GAAP) to IFRS' and detailed reconciliations are shown in the appendices to this report.

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The full text of this announcement will be available on our website www.wdb.co.uk.

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1 Background

Following a European Union regulation issued in 2002, all EU listed companies are required to report their consolidated financial statements under IFRS for all reporting periods commencing after 1 January 2005. IFRS will apply for the first time to the Group's consolidated financial statements for the year ending 30 September 2006, including comparative information from the date of transition, 2 October 2004. The first results to be published under IFRS will be the interim results for the six months ending 1 April 2006.

The purpose of this report is to explain how the Group's financial performance for the year ended 1 October 2005 and its financial position as at that date, prepared under IFRS, differs from that previously reported under UK GAAP.

The format of the IFRS primary financial statements is presented under IAS 1 'Presentation of Financial Statements'. There are a number of presentational and classification differences in these statements (See appendices).

The implementation of IFRS may result in increased volatility in reported results and net assets.

2 Basis of preparation

The restated results have been prepared on the basis of all IFRS issued by the International Accounting Standards Board which are relevant to the Group and expected to be effective for 2006 financial reporting, with the exception of IAS 34 'Interim Financial Reporting' which is not mandatory in the UK. If the European Commission does not adopt all of these standards in time for the financial reporting at September 2006, or the issue of further interpretations by the International Financial Reporting Interpretation Committee (IFRIC) in advance of the reporting date, this could result in the need to change the basis of accounting or presentation of certain financial information from that presented in this document. The financial information in this document is unaudited.

3 First time adoption options

IFRS requires a Group to comply with each accounting standard effective at the reporting date for its first full set of IFRS statements. Usually, the standards are applied retrospectively.

IFRS1 'First-Time Adoption of International Financial Reporting Standards' outlines the procedures a company or group must follow when adopting IFRS for the first time. It offers certain exemptions from the full requirements of IFRS in the year of transition. The Group has elected to apply the following exemptions:

a) Business combinations (IFRS 3): those business combinations prior to the transition date have not been restated on an IFRS basis.

b) Valuation of properties (IAS 16): the carrying value of property, plant and equipment revalued in the year ended 2 October 2004 under UK GAAP has been deemed to be cost at the date of transition. All other property has been fair valued at the date of transition under IFRS.

c) Employee benefits (IAS 19): the cumulative net actuarial losses in relation to employee benefit schemes have been recognised in full at the transition date as an adjustment to equity.

d) Financial instruments (IAS 32 and IAS 39): IAS 32 'Financial Instruments: Disclosure and Presentation' and IAS 39 'Financial Instruments: Recognition and Measurement' will not be applied to the comparative period. The comparative period has been prepared on the basis of previous UK GAAP for financial instruments. The Group will apply IAS 32 and IAS 39 for the year ending 30 September 2006.

e) Share based payments (IFRS 2): the Group has applied IFRS 2 'Share based payments' to equity settled awards that were granted after 7 November 2002 but not vested at 1 January 2005.

4 Changes from UK GAAP to IFRS

a) Revenue

Revenue, previously identified as turnover under UK GAAP, includes only the gross inflows of economic benefits received and receivable by the Group. Amounts collected on behalf of third parties such as excise duty are not economic benefits which flow to the Group. Excise duty is excluded from revenue where it relates to brewing and packaging of products on which the Group is accountable to the Government for the duty.

For the year ended 1 October 2005 revenue has been reduced by £41.2m. This has been reclassified within the income statement and therefore has no impact on reported profit.

b) Business combinations

Under UK GAAP, goodwill is amortised over its expected useful economic life up to a presumed maximum of 20 years, whereas under IFRS goodwill is considered to have an indefinite life and is not amortised. Instead it is tested for impairment annually or more frequently if circumstances indicate that impairment may have occurred. Goodwill has been tested for impairment at 2 October 2004 and 1 October 2005 and no impairment adjustment is required. Goodwill amortisation of £7.1m charged under UK GAAP since the date of transition has been credited to the income statement.

Any future negative goodwill will be written off immediately to the income statement.

c) Intangible assets

In accordance with IAS 38 'Intangible Assets', tangible assets of £0.8m at 2 October 2004 (under UK GAAP) have been reclassified under IFRS to intangible assets. This consists of computer software costs, which are amortised over three years. There is no impact on the income statement as depreciation rates and amortisation rates remain unchanged.

Intangible assets arising on an acquisition are recognised separately from goodwill if the fair value of the asset can be identified separately and measured reliably.

On the acquisition of Jennings Brothers PLC in the year ended 1 October 2005, £2.8m of the goodwill arising on acquisition has been reclassified to intangible assets. This represents the fair value of the acquired brand name.

d) Post employment obligations

Pensions

The Group accounted for defined benefit post retirement benefits under UK GAAP in accordance with Statement of Standard Accounting Practice (SSAP) 24 and also gave disclosures under Financial Reporting Standard (FRS) 17 in accounting for its pension obligations.

Pension costs were charged to the profit and loss account over the average expected service life of current employees. Actuarial surpluses and deficits were amortised over the expected remaining service lives of current employees. Any differences between the amount charged to the profit and loss account and payments made to the scheme were treated as assets and liabilities in the balance sheet.

Under IFRS, pension accounting costs for defined benefit plans are assessed by determining the pension obligation using the projected unit credit method.

The income statement bears the service cost as part of operating profit, and interest on pension scheme liabilities less the expected return on pension scheme assets as finance costs.

Actuarial gains and losses are recognised in the income statement over the expected average remaining working lives of the employees only to the extent that their net cumulative amount exceeds 10% of the greater of the present value of the obligation and the fair value of the plan assets at the end of the previous year. Unrecognised actuarial gains and losses are reflected in the balance sheet.

The present value of pension obligations is measured by reference to market yields on high corporate bonds which have terms to maturity approximating to the terms of the related pension liability. Plan assets are measured at fair value.

The Group has recognised all cumulative actuarial gains and losses for all existing defined benefit pension plans as at 2 October 2004, reducing net assets by £64.7m (before deferred tax).

Other post employment obligations

The Group operates a scheme which provides post-retirement healthcare benefits to certain retired employees and their dependent relatives. The present value of estimated future benefit payments has been included in the balance sheet (2 October 2004: £0.3m, 1 October 2005: £0.3m).

e) Financial instruments

Financial instruments for the year ended 1 October 2005 are recorded in accordance with current UK GAAP accounting policies.

The Group uses interest rate swaps to fix the interest rate payable on the floating rate tranches of its secured loan notes. These derivative financial instruments have qualified for cash flow hedge accounting so that changes in fair value are recognised in reserves for the effective portion of the hedge. A liability of £14.3m will be recorded in the opening balance sheet for the year ending 30 September 2006, reflecting the fair value of the swaps at this reporting date under IFRS.

f) Share options

Under UK GAAP at 2 October 2004, the profit and loss account was charged in respect of the intrinsic value of the Long Term Incentive Plan at the date of grant over the performance period, where performance criteria must be satisfied. IFRS requires the fair value of all equity based transactions at the date of grant to be charged to the income statement. The fair value has been determined by applying the Black-Scholes valuation model and is being charged to the income statement evenly over the vesting periods (adjustments to the income statement: 6 months to 2 April 2005 £0.1m, year ended 1 October 2005 £0.2m).

g) Deferred tax

IAS 12 ‘Income taxes’ requires deferred tax to be provided on all temporary differences between the tax base and the carrying value of assets and liabilities in the financial statements rather than just on timing differences as under UK GAAP. Specifically, deferred tax is now recognised on the rolled over gains on property disposals and asset revaluations. As at 2 October 2004, an additional deferred tax liability of £91.4m has been recorded, reducing net assets.

In addition, deferred tax assets have been recorded at 2 October 2004 for the following:

Pension scheme deficit	£19.5m
Share based payments	£1.9m

As at 1 October 2005, a deferred tax liability of £89.9m has been recognised in respect of property and a further £18.1m in respect of the Burtonwood, Jennings and English Country Inns acquisitions.

Deferred tax assets have been recorded at 1 October 2005 for the following:

Pension scheme deficit	£19.7m
Share based payments	£2.3m

h) Dividends

Dividends relating to an accounting period are dealt with in that period under UK GAAP. IFRS does not permit recognition of a dividend until it is approved, usually after the accounting period to which it relates. The effect of this change is to increase net assets by £16.9m at 2 October 2004.

i) Financing costs

Financing costs now comprise interest payable on borrowings, interest receivable on funds invested, interest on pension scheme liabilities net of expected return on assets, and gains and losses on hedging instruments that are recognised in the income statement.

j) Leases

Premiums paid on the acquisition of leasehold property were classified as fixed assets under UK GAAP.

Under IAS 16 'Property, Plant and Equipment' premiums are considered to be advance rent and so have been reclassified as other non-current assets (£0.6m as at 2 October 2004, £1.0m as at 1 October 2005). Depreciation previously charged has been reclassified as rent.

5 Accounting policies under IFRS

a) Basis of preparation

This financial information has been prepared in accordance with IFRS as endorsed by the EU or are expected to be effective for the year end. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in the appendices to this report.

The financial information has been prepared on the historic cost basis, as modified for the revaluation of certain properties and financial instruments. The principle accounting policies adopted are set out below.

b) Basis of consolidation

The consolidated financial statements incorporate the audited financial statements of The Wolverhampton & Dudley Breweries, PLC and all of its subsidiary undertakings. The results of new subsidiary undertakings are included in the Group accounts from the date on which control transfers to the Group or, in the case of disposals, up to the effective date of disposal. Transactions between Group companies are eliminated on consolidation.

c) Revenue recognition

Revenue represents the value of goods and services supplied to customers, and rents receivable from licensed and unlicensed properties. Revenue for drink, food and accommodation is recognised at the point the goods or services are provided. Machine income is recognised as earned or received. Rental income is recognised in respect of the period to which it relates. Revenue is recorded net of discounts, intra-Group transactions and VAT. Amounts collected on behalf of third parties such as excise duty are not economic benefits which flow to the Group. Revenue will exclude excise duty, relating to the brewing and packaging of products, for which the Group is accountable to the Government.

d) Deferred tax

Deferred tax is provided in full, using the liability method, on all temporary differences that have originated but not reversed by the balance sheet date which gave rise to an obligation to pay more or less tax in the future. Temporary differences are differences between the carrying value of assets and liabilities and their tax base.

Deferred tax assets are recognised to the extent that is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is calculated using tax rates that are expected to apply when the related deferred asset is realised or the deferred taxation liability is settled.

e) Property, plant and equipment

- Freehold and leasehold properties are stated at valuation or at cost. Plant, furnishings, equipment and other similar items are stated at cost.

- Freehold buildings are depreciated to residual value on a straight line basis over 50 years.

- Other tangible fixed assets are depreciated to residual value on a straight line basis at rates calculated to provide for the cost of the assets over their anticipated useful lives. Leasehold properties are depreciated over the lower of the lease period and 50 years and other tangible assets over periods ranging from three to 15 years.

- Own labour directly attributable to capital projects is capitalised.

- Land is not depreciated.

An annual assessment will be performed to ensure that residual values are based on current prices.

Payments made on entering into or acquiring leaseholds that are accounted for as operating leases represent prepaid lease payments and classified as non-current assets. These are amortised on a straight line basis over the lease term.

Valuation of properties

Properties are revalued by qualified valuers on a regular basis at open market value so that the carrying amount of an asset does not differ materially from its fair value at the balance sheet date. When a valuation is below current carrying value, the asset concerned is reviewed for impairment. Impairment losses are charged to the revaluation reserve to the extent that a previous gain has been recorded, and thereafter to the income statement. Surpluses on revaluation are recognised in the revaluation reserve, except where they reverse previously charged impairment losses, in which case they are recorded in the income statement.

f) Employee benefits

Pension costs for the Group's defined benefit post retirement benefits plans are determined by the Projected Unit Credit Method, with actuarial calculations being carried out at each year end date.

Costs are recognised separately as operating and financing costs in the income statement. Operating costs comprise the current service cost, any gains or losses on settlement or curtailments, and past service costs where benefits have vested. Finance items comprise the interest on plan liabilities and the expected return on plan assets.

Actuarial gains or losses comprising differences between actual and expected return on plan assets, changes in plan liabilities due to experience and changes in actuarial assumptions are recognised in the income statement over the expected average remaining working lives of the employees only to the extent that their net cumulative amount exceeds 10% of the greater of the present value of the pension obligation and the fair value of the plan assets at the end of the previous year.

Unrecognised actuarial gains and losses are reflected in the balance sheet.

The liability recognised in the balance sheet for the defined benefit plan is the present value of scheme liabilities less the fair value of scheme assets.

Pension costs for the Group's defined contribution plan are charged to the income statement in the period incurred.

g) Share based payments

The fair value of share based remuneration at the date of grant is calculated using the Black-Scholes model and charged to the income statement on a straight line basis over the vesting period of the award. The charge to the income statement takes account of the estimated number of shares that will vest.

h) Intangible assets

Goodwill

Goodwill arising on acquisition is capitalised and represents the excess of the fair value of the consideration given over the fair value of identifiable net assets and liabilities acquired. Goodwill is subject to an annual impairment review or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Any impairment is recognised immediately in the income statement.

Negative goodwill is recognised in the income statement immediately.

Other intangible assets

Other intangible assets are carried at cost less accumulated amortisation and any impairment losses.

This includes software costs which are amortised over three years.

Intangible assets arising on acquisition are recognised separately from goodwill if the fair value of the assets can be identified separately and measured reliably.

Amortisation is calculated on a straight line basis over the estimated useful life of the intangible asset.

The carrying values are reviewed for impairment if events or changes in circumstances indicate that their carrying value may be impaired.

i) Leases

Leases are classified as finance leases if the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The cost of assets held under finance leases is included within tangible fixed assets and depreciation is charged in accordance with the policy for the class of asset concerned. The corresponding capital obligations under these leases are shown as creditors. The finance charge element of rentals is charged to the income statement and classified within finance costs as incurred.

Rental costs under operating leases are charged to the income statement on a straight line basis over the term of the lease.

j) Financial instruments

Other Financial assets

Trade loans are classified as held for trading and are recognised initially at cost. Subsequently trade loans are measured at fair value being amounts advanced less deemed impairment. Gains or losses are recognised in the income statement for the period.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to fluctuations in interest rates. Derivative financial instruments are recognised in the balance sheet at fair value. Changes in the fair value of derivatives that do not qualify for hedge accounting are charged or credited to the income statement in the period.

The Group seeks to achieve hedge accounting to mitigate the impact on the Group of changes in interest rates on the floating tranche of loan notes by matching the impact with a fixed rate swap in the income statement. This is recognised as a cash flow hedge.

To qualify for hedge accounting, the hedging relationship must meet several conditions with respect to documentation, probability of occurrence, hedge effectiveness and reliability of measurement. At the inception of the transaction the Group documents the relationship between hedging instruments and hedged items, as well as the Group's risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as hedges to specific liabilities. The Group also documents its assessment, both at the hedge inception and on a quarterly basis, as to whether the derivatives that are used in hedging transactions have been, and are likely to continue to be, highly effective at offsetting changes in cash flows.

The effective part of the changes in fair value of cash flow hedges is recognised in equity, whilst any ineffective part is recognised immediately in the income statement.

Trade receivables

Trade receivables are measured at initial recognition, do not carry any interest and are stated at their fair value. They are subsequently measured at amortised cost using the effective interest rate method.

Trade payables

Trade payables are non-interest bearing and are stated at their nominal value.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet. For the purpose of the Group Cash Flow Statement, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

Borrowings and borrowing costs

All loans and borrowings, which include the Group's secured loan notes, are stated initially at the fair value of the consideration received net of issue costs.

Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of issue costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowing costs are expensed in the period in which they are incurred, except for issue costs which are amortised over the period of the borrowing.

Investments

Interests in subsidiaries are initially recognised at cost, net of acquisition fees associated with the investment, less any impairment charge.

Investments that are actively traded in organised financial markets are carried at fair value determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

k) Provisions

Provisions are recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been publicly announced. Future operating losses are not provided for.

Provisions are measured at the Directors' best estimate of the amount required to settle the obligation at the balance sheet date.

l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes direct materials and a proportion of attributable overheads.

m) Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

At 1 October 2005, the Group has four core divisions which are the primary business segments:

- Pathfinder Pubs
- The Union Pub Company
- WDB Brands
- Central costs

There is no geographical segmentation as the Group trades in one geographical segment, being the United Kingdom.

n) Dividends

Dividends proposed by the Board but unpaid at the year end are recognised in the financial statements when they have been approved by the shareholders. Interim dividends are recognised when paid.

o) Non- current assets held for sale

Assets are held for sale when the value of an asset will be recovered through a sale transaction rather than continuing use. This condition is met when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale and the completion should be expected within one year from the date of classification. Assets held for sale are valued at the lower of carrying value and fair value less costs to sell and are no longer depreciated.

The Wolverhampton & Dudley Breweries, PLC

Income statement reconciliation - Year ended 1 October 2005 (unaudited)

	UK GAAP	IAS 1 Reclass	IAS 10 Final Dividends	IAS 12 Deferred Tax	IAS 16 Revaluation	IAS 18 Revenue beer duty	IAS 19 Retirement Benefits	IAS 38 Goodwill	IFRS 3 Business Combinations	IFRS 2 Share based Payments	Total IFRS Adjustments	IFRS
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue	597.3					(41.2)					(41.2)	556.1
Operating expenses	(475.4)	4.0			(0.4)	41.2	2.0	7.0	0.1	0.2	54.1	(421.3)
Operating profit	121.9	4.0	-	-	(0.4)	-	2.0	7.0	0.1	0.2	12.9	134.8
Fixed asset disposals	4.0	(4.0)									(4.0)	-
Finance income	0.2											0.2
Finance costs	(78.2)						(2.6)				(2.6)	(80.8)
Profit before tax	47.9	-	-	-	(0.4)	-	(0.6)	7.0	0.1	0.2	6.3	54.2
Tax	(14.5)			1.0			0.2			(1.8)	(0.6)	(15.1)
Profit after tax	33.4	-		1.0	(0.4)	-	(0.4)	7.0	0.1	(1.6)	5.7	39.1
Dividends	(29.9)		29.9								29.9	-
Retained profit for the period	3.5	-	29.9	1.0	(0.4)	-	(0.4)	7.0	0.1	(1.6)	35.6	39.1

The Wolverhampton & Dudley Breweries, PLC

Balance sheet reconciliation - Year ended 1 October 2005 (unaudited)

	UK GAAP	IAS 10 Final Dividends	IAS 12 Deferred Tax	IAS 16 Lease Premiums	IAS 19 Retirement Benefits	IAS 38 Goodwill	IAS 38 Computer Software	IFRS 3 Business Combinations	IFRS 2 Share based payments	Total IFRS adjustments	IFRS
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Non-current assets											
Goodwill	105.9					7.0		18.1		25.1	131.0
Intangible assets	-						1.1	2.8		3.9	3.9
Property, plant and equipment	1,553.1			(1.0)			(1.1)			(2.1)	1,551.0
Other non-current assets	21.1			1.0						1.0	22.1
	1,680.1	-	-	-	-	7.0	-	20.9	-	27.9	1,708.0
Current assets											
Inventories	13.6										13.6
Trade and other receivables	82.7				(28.7)					(28.7)	54.0
Current tax asset	5.9										5.9
Cash and cash equivalents	76.1										76.1
	178.3	-	-	-	(28.7)	-	-	-	-	(28.7)	149.6
Current liabilities											
Borrowings	(53.8)										(53.8)
Derivatives	-									-	-
Trade and other payables	(112.4)	19.8							0.2	20.0	(92.4)
Pension liabilities	(3.3)							3.3		3.3	-
	(169.5)	19.8	-	-	-	-	-	3.3	0.2	23.3	(146.2)
Non-current liabilities											
Borrowings	(894.0)										(894.0)
Derivatives	(0.9)									-	(0.9)
Pension liabilities	-				(36.6)			(6.0)		(42.6)	(42.6)
Deferred tax	(32.8)		(89.9)		19.7			(18.1)	2.3	(86.0)	(118.8)
Other non-current liabilities	(0.5)				(0.3)					(0.3)	(0.8)
Provisions	(2.2)										(2.2)
	(930.4)	-	(89.9)	-	(17.2)	-	-	(24.1)	2.3	(128.9)	(1,059.3)
Net assets	758.5	19.8	(89.9)	-	(45.9)	7.0	-	0.1	2.5	(106.4)	652.1
Capital and reserves											
Share capital	22.9										22.9
Share premium account	185.1										185.1
Merger reserve	41.5										41.5
Revaluation reserve	379.9		(68.7)							(68.7)	311.2
Capital redeemption reserve	6.0										6.0
Retained earnings	121.1	19.8	(21.2)		(45.9)	7.0		0.1	2.5	(37.7)	83.4
Shareholders' equity	756.5	19.8	(89.9)	-	(45.9)	7.0	-	0.1	2.5	(106.4)	650.1
Minority interest in equity	2.0										2.0
Total equity	758.5	19.8	(89.9)	-	(45.9)	7.0	-	0.1	2.5	(106.4)	652.1

The Wolverhampton & Dudley Breweries, PLC

Income statement reconciliation - Interims to 2 April 2005 (unaudited)

	UK GAAP	IAS 1 Reclass	IAS 10 Final dividends	IAS 12 Deferred tax	IAS 16 Revaluation	IAS 18 Revenue Beer duty	IAS 19 Retirement benefits	IAS 38 Goodwill	IFRS 2 Share based payments	Total IFRS adjustments	IFRS
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue	277.6					(20.0)				(20.0)	257.6
Operating expenses	(226.4)	2.8			(1.7)	20.0	0.8	3.6	0.1	25.6	(200.8)
Operating profit	51.2	2.8	-	-	(1.7)	-	0.8	3.6	0.1	5.6	56.8
Fixed asset disposals	2.8	(2.8)								(2.8)	-
Finance income	0.1										0.1
Finance costs	(21.5)						(1.3)			(1.3)	(22.8)
Profit before tax	32.6	-	-	-	(1.7)	-	(0.5)	3.6	0.1	1.5	34.1
Tax	(10.1)			0.4			0.2		(0.3)	0.3	(9.8)
Profit after tax	22.5	-	-	0.4	(1.7)	-	(0.3)	3.6	(0.2)	1.8	24.3
Dividends	(10.1)		10.1							10.1	-
Retained profit for the period	12.4	-	10.1	0.4	(1.7)	-	(0.3)	3.6	(0.2)	11.9	24.3

The Wolverhampton & Dudley Breweries, PLC

Balance sheet reconciliation - Interims - As at 2 April 2005 (unaudited)

	UK GAAP £m	IAS 10 Final dividends £m	IAS 12 Deferred tax £m	IAS 16 Lease premiums £m	IAS 16 Revaluation £m	IAS 19 Retirement Benefits £m	IAS 38 Goodwill £m	IAS 38 Computer software £m	IFRS 3 Business combinations £m	IFRS 2 Share based payments £m	Total IFRS adjustments £m	IFRS £m
Non-current assets												
Goodwill	99.0						3.6		14.4		18.0	117.0
Intangible assets	-							0.9			0.9	0.9
Property, plant and equipment	1,395.2			(1.0)	52.0			(0.9)			50.1	1,445.3
Other non-current assets	22.4			1.0							1.0	23.4
	1,516.6	-	-	-	52.0	-	3.6	-	14.4	-	70.0	1,586.6
Current assets												
Inventories	13.5											13.5
Trade and other receivables	49.8											49.8
Financial assets	0.9											0.9
Cash and cash equivalents	24.9											24.9
	89.1	-	-	-	-	-	-	-	-	-	-	89.1
Current liabilities												
Borrowings	(0.2)											(0.2)
Derivatives	(1.8)											(1.8)
Trade and other payables	(123.6)	10.1								0.1	10.2	(113.4)
Pension liabilities	(1.9)					0.7			1.2		1.9	-
	(127.5)	10.1	-	-	-	0.7	-	-	1.2	0.1	12.1	(115.4)
Non-current liabilities												
Borrowings	(740.5)											(740.5)
Derivatives	(9.5)											(9.5)
Pension liabilities	-					(66.0)			(3.0)		(69.0)	(69.0)
Deferred tax	(21.1)		(90.7)			19.8			(12.6)	3.1	(80.4)	(101.5)
Other non-current liabilities	(1.6)					(0.3)					(0.3)	(1.9)
Provisions	(1.2)											(1.2)
	(773.9)	-	(90.7)	-	-	(46.5)	-	-	(15.6)	3.1	(149.7)	(923.6)
Net assets	704.3	10.1	(90.7)	-	52.0	(45.8)	3.6	-	-	3.2	(67.6)	636.7
Share capital	22.7											22.7
Share premium account	252.2											252.2
Merger reserve	-											-
Revaluation reserve	321.7		(68.9)		53.2						(15.7)	306.0
Capital redemption reserve	6.0											6.0
Retained earnings	101.7	10.1	(21.8)		(1.2)	(45.8)	3.6			3.2	(51.9)	49.8
Shareholders' equity	704.3	10.1	(90.7)	-	52.0	(45.8)	3.6	-	-	3.2	(67.6)	636.7

The Wolverhampton & Dudley Breweries, PLC

Balance sheet reconciliation - Transition date - As at 2 October 2004 (unaudited)

	UK GAAP	AS 10 Final dividends	IAS 12 Deferred tax	IAS 16 Lease premiums	IAS 16 Revaluation	IAS 19 Retirement benefits	IAS 38 Computer software	IFRS 2 Share based payments	Total IFRS adjustments	IFRS
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Non-current assets										
Goodwill	109.1									109.1
Intangible assets	-						0.8		0.8	0.8
Property, plant and equipment	1,182.3			(0.6)	53.7		(0.8)		52.3	1,234.6
Other non-current assets	21.2			0.6					0.6	21.8
	1,312.6	-	-	-	53.7	-	-	-	53.7	1,366.3
Current assets										
Inventories	13.5									13.5
Trade and other receivables	45.0									45.0
Cash and cash equivalents	16.2									16.2
	74.7	-	-	-	-	-	-	-	-	74.7
Current liabilities										
Borrowings	(3.9)									(3.9)
Derivatives	(1.8)									(1.8)
Trade and other payables	(131.5)	16.9						(0.2)	16.7	(114.8)
Pension liabilities	(1.5)					1.5			1.5	-
	(138.7)	16.9	-	-	-	1.5	-	(0.2)	18.2	(120.5)
Non-current liabilities										
Borrowings	(572.7)									(572.7)
Derivatives	(10.4)									(10.4)
Pension liabilities	-					(66.2)			(66.2)	(66.2)
Deferred tax	(15.7)		(91.4)			19.5		1.9	(70.0)	(85.7)
Other non current liabilities	-					(0.3)			(0.3)	(0.3)
Provisions	(1.5)									(1.5)
	(600.3)	-	(91.4)	-	-	(47.0)	-	1.9	(136.5)	(736.8)
Net assets	648.3	16.9	(91.4)	-	53.7	(45.5)	-	1.7	(64.6)	583.7
Capital and reserves										
Share capital	21.5									21.5
Share premium account	209.9									209.9
Revaluation reserve	321.9		(69.2)		54.9				(14.3)	307.6
Capital redemption reserve	6.0									6.0
Retained earnings	89.0	16.9	(22.2)		(1.2)	(45.5)		1.7	(50.3)	38.7
Shareholders' equity	648.3	16.9	(91.4)	-	53.7	(45.5)	-	1.7	(64.6)	583.7