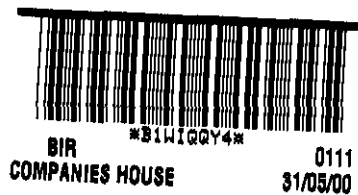


MARSTON, THOMPSON & EVERSHED LIMITED

FINANCIAL STATEMENTS

For the period ended 2 October 1999

Registered number 48254



MARSTON, THOMPSON & EVERSHED LIMITED

FINANCIAL STATEMENTS

For the period ended 2 October 1999

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MARSTON, THOMPSON & EVERSLED LIMITED

DIRECTORS' REPORT

The Directors submit their annual report and the audited financial statements for the period ended 2 October 1999.

Principal activity

The Company continued to operate as a licensed retailer.

Business review and future developments

On the 5 February 1999, the Company's parent Marston, Thompson & Evershed PLC was acquired by Wolverhampton & Dudley Breweries PLC.

On 3 July 1999, the trading net assets of the Company were transferred to Wolverhampton & Dudley Breweries PLC. Trading after 3 July 1999 has not been included in the financial statements.

The Company became dormant from 3 July 1999. The Directors do not expect the Company to trade in the foreseeable future.

Trading results

The results for the period are shown in the profit and loss account on page 5 and comprise the trading activity up to 3 July 1999, since then the Company has been dormant.

Directors and their interests

The Directors who held office during the period were as follows:

M. W. F. Hurdle	(resigned 5 May 1999)
N. H. Letchet	(resigned 30 April 1999)
J.D.F. Miller	(resigned 8 February 1999)
M.R. Thompson	(resigned 30 April 1999)
C.N.S. Tweddell	(resigned 30 April 1999)
P.J. Bentley	(resigned 5 February 1999)
D.G.F. Thompson	(appointed 8 February 1999)
P. Gilham	(appointed 8 February 1999)
R.G. Findlay	(appointed 8 February 1999)
D. Andrew	(appointed 8 February 1999)

None of the Directors who were Directors at the end of the period had a beneficial interest in any of the shares of the Company at any time during the period.

The interests of those Directors who were Directors at the end of the period in the share capital of the ultimate holding company, Wolverhampton & Dudley Breweries PLC, are disclosed in the accounts of that Company, of which they are also directors.

MARSTON, THOMPSON & EVERSHED LIMITED

DIRECTORS' REPORT (continued)

Political and Charitable Contributions

Contributions to charitable organisations totalled £6,559 (1998:£2,590). No contributions were made to political organisations (1998:£Nil)

Creditor Payment Policy

It is the Company's payment policy to follow the CBI's Prompt Payment Code for all suppliers. There were no trade creditors at the end of the period.

Year 2000

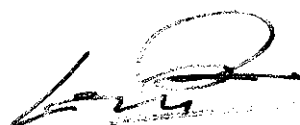
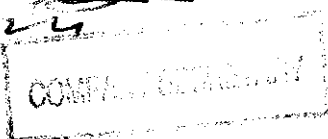
The company has established a plan dealing with the requirements in respect of potential year 2000 date recognition issues.

The Directors believe that this plan has adequately identified and addressed the key risks facing the business arising from the millennium bug.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the reappointment of PricewaterhouseCoopers as auditor to the Company will be put to the Annual General Meeting.

Approved by the Board on 26 November 1999 and signed on its behalf by


Director 

MARSTON, THOMPSON & EVERSHED LIMITED

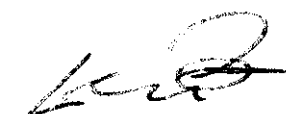
STATEMENT OF DIRECTORS' RESPONSIBILITIES


The Directors are required by UK company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that period.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the period ended 2 October 1999. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board


Director
26 November 1999



AUDITORS' REPORT TO THE MEMBERS OF MARSTON, THOMPSON & EVERSHED LIMITED

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report, including as described on page 3 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent mis-statements or material inconsistencies with the financial statements.


Basis of Audit Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 2 October 1999 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Birmingham

26 November 1999

MARSTON, THOMPSON & EVERSHED LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 2 OCTOBER 1999

	Notes	18 Months ended 2 October 1999 £	12 Months ended 28 March 1998 £
Turnover	1	168,382,675	130,551,277
Operating costs	2	(140,480,145)	(109,504,083)
Operating profit before exceptional items		27,902,530	21,047,194
Exceptional items	3	(37,947,560)	(100,000)
Operating (loss)/profit after exceptional items		(10,045,030)	20,947,194
Interest payable	4	(7,306,252)	(5,655,423)
Interest receivable	4	563,544	526,752
(Loss)/Profit on ordinary activities before taxation		(16,787,738)	15,818,523
Tax on profit on ordinary activities	6	(8,263,658)	(4,308,892)
(Loss)/Profit after tax		(25,051,396)	11,509,631
Dividends		(3,036,877)	(8,096,732)
Retained (loss)/ profit for the period	16	(28,088,273)	3,412,899

The results for the financial period are derived from discontinued operations transferred to Wolverhampton & Dudley Breweries PLC.

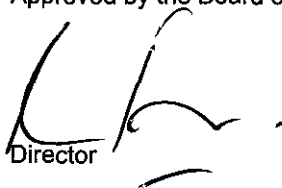
There is no material difference between the results as disclosed in the profit and loss account and the results on a historic cost basis.

There are no recognised gains or losses other than the (loss)/profit for the financial period.

MARSTON, THOMPSON & EVERSHED LIMITED
BALANCE SHEET
AT 2 OCTOBER 1999

	Notes	1999 £	£	1998 £	£
Fixed assets					
Tangible assets	7	-		316,288,517	
Investments	8	14,326,997		58,248,867	
		14,326,997		374,537,384	
Current assets					
Stocks	9	-	5,528,743		
Debtors	10	227,923,202	27,866,614		
Cash in hand		-	2,549,654		
		227,923,202	35,945,011		
Creditors: Amounts falling due within one year	11	-	(57,694,993)		
Net current assets		227,923,202		(21,749,982)	
Creditors: Amounts falling due after more than one year	12	-		(87,205,045)	
Net assets		242,250,199		265,582,357	
Capital and reserves					
Called up share capital	13	23,189,463		22,729,161	
Share premium	16	14,177,081		9,522,638	
Revaluation reserve	16	-		95,813,861	
Profit and loss account	16	204,883,655		137,516,697	
Shareholders' funds		242,250,199		265,582,357	

Approved by the Board on 26 November 1999 and signed on its behalf by


 Director

MARSTON, THOMPSON & EVERSHED LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Basis of preparation

The financial statements have been prepared under historical cost convention and in accordance with applicable accounting standards.

On 3 July 1999, the trading net assets of the company were acquired by Wolverhampton & Dudley Breweries PLC; from this date all trading results are included in their financial statements.

As the published financial statements of the ultimate holding company includes a consolidated cash flow statement, the company has taken advantage of the exemption within FRS 1 and not presented its own cash flow statement.

Turnover

Turnover comprises sales of beers, lagers, wines, spirits and minerals and other trading income, excluding value added tax.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided so as to write off the cost less estimated residual value of the assets by equal annual instalments over their anticipated useful lives. Industrial properties are depreciated over 50 years, leasehold properties less than 50 years over the period of the lease and other tangible assets over periods ranging from 3 to 25 years.

No depreciation is provided in respect of properties, being mainly public houses, since it is the Company's policy to maintain these properties in good repair. Consequently, the Directors consider the lives of these properties to be long and the residual property values so high, based on prices prevailing at the time of acquisition or subsequent valuation, that there is no significant annual depreciation.

Stocks

Stocks are stated at the lower of cost and net realisable value, cost including direct materials and a proportion of appropriate overheads.

Leases

Rental costs under operating leases are charged to the profit and loss account over the terms of the lease at a constant rate on the carrying amount.

MARSTON, THOMPSON & EVERSHED LIMITED

NOTES (CONTINUED)

Pensions

Marston, Thompson & Evershed Limited is a member company of the Marston, Thompson & Evershed Pension Scheme, providing benefits based on final pensionable pay. All details regarding the actuarial valuation of the Marston, Thompson & Evershed Pension scheme are contained in the financial statements of Wolverhampton & Dudley Breweries PLC. Pension costs are charged to the profit and loss so as to spread the cost of pensions over the average working life of employees, in accordance with the recommendations of qualified actuaries. Variations from the regular cost are spread over the average remaining service lives of the employees.

Deferred taxation

Provision is made for deferred taxation using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Investments

Fixed asset investments are stated at cost, less any provision for diminution in value.

2.	Operating costs	1999	1998
		£	£
	<i>Operating costs are stated after charging:</i>		
	Auditor's remuneration	61,327	23,000
	Depreciation of tangible fixed assets	12,490,261	9,363,953
	Rentals under other operating leases	74,391	76,471
		<hr/>	<hr/>
3.	Exceptional items	1999	1998
		£	£
	Aborted securitisation	6,224,554	100,000
	Reorganisation	2,342,160	-
	Loss on disposal of investment	435,534	-
	Defence Costs	10,427,352	-
	Write down to cost of investment (note 8)	18,517,960	-
		<hr/>	<hr/>
		37,947,560	100,000
		<hr/>	<hr/>

Following the aborted plan to securitise parts of the licensed Marston estate, legal costs of £6,224,554 had been incurred.

Reorganisation charges of £2,342,160 relating to redundancy costs following the restructuring of the business.

Loss on disposal of associate interest in Mercury Taverns (Holdings) Limited.

Defence costs comprise legal and professional fees associated with the defence of the bid made by Wolverhampton & Dudley Breweries PLC.

The cost of investment in subsidiaries has been written down to reflect the current carrying value of these investments.

MARSTON, THOMPSON & EVERSHED LIMITED

NOTES (CONTINUED)

4. Interest	1999	1998
	£	£
Interest on bank loans and overdrafts	2,527,319	3,247,777
Interest on loans	4,778,833	2,404,593
Other interest payable	100	3,053
	<hr/>	<hr/>
Interest Payable	7,306,252	5,655,423
	<hr/>	<hr/>
Interest receivable on trade loans	522,990	517,697
Other interest receivable	40,554	9,055
	<hr/>	<hr/>
Interest Receivable	563,544	526,752
	<hr/>	<hr/>
5. Employees and Directors	1999	1998
	£	£
Staff costs including Directors during the period amounted to:-		
Wages and salaries	16,154,147	13,845,814
Social security costs	1,351,480	1,070,944
Other pension costs	1,269,198	1,049,844
	<hr/>	<hr/>
	18,774,825	15,966,602
	<hr/>	<hr/>
The average weekly number of employees during the period was:-	1999	1998
	No.	No.
Full time	612	656
	<hr/>	<hr/>
	1999	1998
	£	£
Directors' emoluments	444,809	578,037
Profit related Bonus	29,633	48,514
Compensation for loss of office	269,974	537,078
	<hr/>	<hr/>
Retirement benefits are accruing to the following number of Directors under:-	1999	1998
	No.	No.
Defined benefit schemes	4	4
	<hr/>	<hr/>

MARSTON, THOMPSON & EVERSHED LIMITED

NOTES (CONTINUED)

6. Taxation	1999	1998
	£	£
U.K. Corporation Tax at 31% (1998: 31%) on profit for the period on ordinary activities	8,263,658	4,308,892

7. Tangible assets	Long Leasehold & Freehold	Short Leasehold	Fixtures and Fittings	Motor Vehicles	Total
	£	£	£	£	£
Cost					
at 28 March 1998	262,568,388	3,046,431	90,705,390	7,623,225	363,943,434
Group transfers	(183,304)	-	183,304	-	-
Additions	12,224,072	79,963	6,184,700	1,760,460	20,249,195
Disposals	(64,819,831)	(2,205)	(22,539,724)	(2,815,718)	(90,177,478)
Transfer Out	(209,789,325)	(3,124,189)	(74,533,670)	(6,567,967)	(294,015,151)
at 2 October 1999	-	-	-	-	-
Depreciation					
at 28 March 1998	228,386	166,673	43,780,936	3,478,922	47,654,917
Charge for the year	302,526	218,806	10,440,835	1,528,094	12,490,261
Disposals	(1,538)	(2,205)	(15,884,721)	(1,596,470)	(17,484,934)
Transfer out	(529,374)	(383,274)	(38,337,050)	(3,410,546)	(42,660,244)
at 2 October 1999	-	-	-	-	-
Net book value					
at 2 October 1999	-	-	-	-	-
at 28 March 1998	262,340,002	2,879,758	46,924,454	4,144,303	316,288,517

The trading assets of Marston, Thompson & Evershed Limited were acquired by Wolverhampton & Dudley Breweries PLC on 3 July 1999 and all tangible assets were transferred at that date.

MARSTON, THOMPSON & EVERSHED LIMITED

NOTES (CONTINUED)

8. Fixed asset investments	Investments in associated undertaking £	Investments in Group undertaking £	Trade Loans £	Total £
at 28 March 1998	2,600,338	32,196,585	23,451,944	58,248,867
Additions	-	49,999	6,772,505	6,822,504
Group loan	-	598,373	-	598,373
Disposals, repayments, provisions	(2,600,338)	(18,517,960)	(10,744,483)	(31,862,781)
Group Transfers Out	-	-	(19,479,966)	(19,479,966)
at 2 October 1999	-	14,326,997	-	14,326,997

On 11 June 1998, the Company disposed of its associate interest in Mercury Taverns (Holdings) to Pubmaster Limited. The Company acquired 49,999 £1 ordinary shares in Marston's Finance Company PIC on 8 January 1999. A write down to the carrying value of investments in subsidiaries has been charged to the profit and loss in the period.

The Company owns the entire share capital of the following principal subsidiary undertakings which are registered in England and Wales.

Name of Company

Holding

Nature of business

M.T.E. (Services) Limited		
John Marston's Taverners Limited	25p ordinary shares	Bar staff services
John Marston's Landlords Limited	£1 ordinary shares	Licensed retailer
Via Vita Café Bars & Restaurants Limited	£1 ordinary shares	Licensed retailer
Marston's Finance Company PLC	£1 ordinary shares	Licensed retailer
Pitcher & Piano Limited	£1 ordinary shares	Non Trading
	£1 ordinary shares	Licensed retailer
	5% cumulative preferred	Licensed retailer
	5p 'A' ordinary	

Stocks

9.	1999 £	1998 £
Raw materials and consumables		
Work in progress	-	3,425,453
Finished goods and goods for resale	-	325,920
	-	1,777,370
	-	5,528,743

MARSTON, THOMPSON & EVERSHED LIMITED

NOTES (CONTINUED)

10. Debtors	1999	1998
	£	£
Amounts falling due within one year:		
Trade debtors	-	7,642,287
Amounts due from Group undertakings	-	18,208,948
Other debtors	-	358,262
Advanced corporation tax recoverable	-	1,341,020
Prepayments	-	316,097
	<hr/>	<hr/>
	-	27,866,614
	<hr/>	<hr/>
11. Creditors: Amounts falling due within one year	1999	1998
	£	£
Bank overdraft	-	27,510,011
7% unsecured loan stock 1993/98	-	300,000
Loan notes	-	1,960,857
Trade creditors	-	5,670,163
Corporation Tax	-	1,797,938
Advanced corporation tax payable	-	2,024,030
Other taxation and social security	-	5,294,187
Other creditors and accruals	-	7,773,736
Proposed final dividend	-	5,364,081
	<hr/>	<hr/>
	-	57,695,003
	<hr/>	<hr/>
12 Creditors: Amounts falling after more than one year	1999	1998
	£	£
Bank loan repayable 2002	-	39,807,503
10.25% Debenture loan stock	-	15,000,000
7.25% Debenture loan stock	-	30,011,100
Amounts owed to Group undertakings	-	2,386,442
	<hr/>	<hr/>
	-	87,205,045
	<hr/>	<hr/>

MARSTON, THOMPSON & EVERSHED LIMITED

NOTES (CONTINUED)

13. Share Capital	1999 £	1998 £
Authorised:		
128,000,000 Ordinary Shares of 25p each	32,000,000	32,000,000
	<hr/>	<hr/>
Allotted, issued and fully paid:		
92,757,855 Ordinary Shares of 25p each (1998: 90,916,642)	23,189,463	22,729,161
	<hr/>	<hr/>

In accordance with the provisions of the Share Ownership Scheme, 211,301 fully paid ordinary shares were issued to the Trustees of the Scheme on 7 August 1998 in respect of the allocation for the year ended 28 March 1998.

A total of 1,629,912 ordinary shares were issued pursuant to the exercise of Executive and SAYE share options at exercise prices ranging from 192p to 304p. The aggregate consideration in respect of these exercises was £4,502,455.

14. Deferred Tax

No provision has been made for deferred tax as the Directors do not foresee that crystallisation is likely in the foreseeable future (1998:£Nil)

15 Operating lease commitments

The trading assets of Marston Thompson & Evershed Limited were acquired by Wolverhampton & Dudley Breweries PLC on 3 July 1999 and all commitments under operating leases transferred at that date.

	Land and buildings		Other	
	1999	1998	1999	1998
	£	£	£	£
Leases which expire:				
Within 1 year	-	14,000	-	-
Within 2 -5 years	-	15,000	-	-
After 5 years	-	353,013	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	382,013	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

There were no commitments at 2 October 1999.

MARSTON, THOMPSON & EVERSHED LIMITED

NOTES (CONTINUED)

16. Reserves and reconciliation of movements in shareholders' funds

	Share capital	Share premium	Revaluation reserve	Profit and loss account	Total Shareholders' funds
	£	£	£	£	£
At 28 March 1998	22,729,161	9,522,638	95,813,861	137,516,697	265,582,357
Retained loss for the period	-	-	-	(28,088,273)	(28,088,273)
Disposal of assets	-	-	(10,904,778)	10,904,778	-
Capitalisation on issue of shares	-	-	-	(358,630)	(358,630)
Transfer	-	-	(84,909,083)	84,909,083	-
Issue of ordinary shares	460,302	4,654,443	-	-	5,114,745
At 2 October 1999	23,189,463	14,177,081	-	204,883,655	242,250,199

17. Capital Commitments

The trading assets of Marston, Thompson & Evershed Limited were acquired by Wolverhampton & Dudley Breweries PLC on 3 July 1999 and all capital commitments transferred at that date. Contracts for capital expenditure entered into by the company and not provided for amounted to £Nil at 2 October 1999.

18. Ultimate parent Company

The Company is a wholly owned subsidiary of Wolverhampton & Dudley Breweries PLC, a Company registered in England and Wales. Copies of the Group financial statements are available from Companies House.