

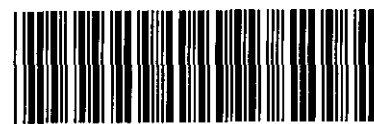
Mitchells & Butlers Holdings Limited

Report and Financial statements

For the 52 weeks ended 30 September 2006

Registered Number: 3420338

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Mitchells & Butlers Holdings Limited

DIRECTORS' REPORT

For the 52 weeks ended 30 September 2006

The directors present their report on the affairs of the Company, together with the financial statements and independent report of the auditors, for the 52 weeks ended 30 September 2006.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Mitchells & Butlers Holdings Limited is an intermediate holding company within the Mitchells & Butlers group of companies.

The profit for the period before taxation, comprising inter company dividend income, amounted to £670,899,970 (2005 £88,100,000). Taxation charged against the profit for the period was £nil (2005 £nil) leaving a profit after tax of £670,899,970 (2005 £88,100,000). Dividends of £670,899,970 (2005 £88,100,000) were paid during the period.

RISKS AND UNCERTAINTIES

The Company has various investments in other group companies. Because of this, the most significant risk facing the Company is that the recoverable value of these investments falls below the carrying value, resulting in the Company recognising impairment losses. The risk of this occurring is assessed as low, given the trading history and future prospects for the group.

FUTURE PROSPECTS

The Company is expected to continue to be an intermediate holding company within the Mitchells & Butlers group of companies. Future transactions are expected to be limited to the receipt of inter company dividend income and the payment of dividends.

DIRECTORS AND THEIR INTERESTS

The following served as Directors of the Company during the period:

T Clarke
K Naffah
B Kennedy
J C D Townsend

The directors serving at the period end and their families had the following interests in the ordinary shares of Mitchells & Butlers plc at 30 September 2006 and 2 October 2005.

Name of Director	Ordinary shares (i) (ii) (number of shares)		Ordinary shares under option (iii) (number of shares)					Option price (iv)	Earliest exercise date
	30 Sep 2006	2 Oct 2005	30 Sep 2006	Exercised during period	Granted during period	Lapsed during period	2 Oct 2005		
T Clarke	587,291	427,978	2,268,318	320,565	235,702	118,636	2,471,817	Nil to 364p	2 Mar 2001
K Naffah	271,119	144,380	1,445,227	263,615	168,994	83,045	1,622,893	Nil to 364p	2 Mar 2001
B Kennedy	40,988	15,175	562,624	182,673	83,668	49,827	711,456	Nil to 364p	18 Feb 2000
J C D Townsend	-	-	200,203	-	75,376	-	124,827(v)	Nil to 331p	1 Dec 2007 (vi)

(i) Includes shares held by trustees under the Mitchells & Butlers Share Incentive Plan.

Mitchells & Butlers Holdings Limited

DIRECTORS' REPORT

For the 52 weeks ended 30 September 2006

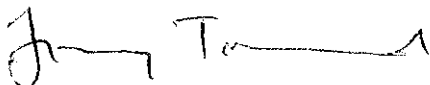
- (ii) In addition to the shares shown above, the following directors have received conditional awards under the Mitchells & Butlers Short Term Deferred Incentive Plan: T Clarke 222,326 shares; and K Naffah 157,210 shares.
- (iii) Includes grants under the Mitchells & Butlers plc Performance Restricted Share, Sharesave and Executive Share Option Plans.
- (iv) 'Nil' option price relates to Mitchells & Butlers plc Performance Restricted Share Plan which has an exercise price of £1 per employee per share plan.
- (v) Adjusted in respect of the 2004/07 Performance Restricted Share Plan.
- (vi) The earliest exercise date for these options is the business day after the announcement of the Company's results for the year ending 29 September 2007 and will be around 1 December 2007.

For full details of all Mitchells & Butlers share option plans see the Annual Report and Financial Statements 2006 of Mitchells & Butlers plc.

AUDITORS

Ernst & Young LLP continue as auditors under the terms of an Elective Resolution of the Company passed pursuant to Section 386 of the Companies Act 1985 dispensing with the requirement to appoint auditors annually.

On behalf of the Board



J C D Townsend
Director

29 March 2007

Mitchells & Butlers Holdings Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the Report of the Auditors set out on page 4, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditors in relation to the financial statements.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MITCHELLS & BUTLERS HOLDINGS LIMITED

We have audited the company's financial statements for the year ended 30 September 2006 which comprise the Profit and Loss Account, the Balance Sheet and the Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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 misstatement, 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP

Registered auditor

Birmingham

Date

30 March 2007

Mitchells & Butlers Holdings Limited

PROFIT AND LOSS ACCOUNT

For the 52 weeks ended 30 September 2006

		<i>52 weeks ended 30 September 2006</i>	<i>53 weeks ended 1 October 2005</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
Investment income - from shares in group undertakings	2	670,899,970	88,100,000
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION AND RETAINED PROFIT FOR THE PERIOD	10	670,899,970	88,100,000

All activities are derived from continuing operations.

The Company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 8 to 11 form an integral part of these financial statements.

Mitchells & Butlers Holdings Limited

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

For the 52 weeks ended 30 September 2006

		<i>52 weeks ended 30 September 2006</i>	<i>53 weeks ended 1 October 2005</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
RETAINED PROFIT FOR THE PERIOD		670,899,970	88,100,000
Dividends paid	5	(670,899,970)	(88,100,000)
NET MOVEMENT IN SHAREHOLDERS' FUNDS		-	-
Opening shareholders' funds		1,565,235,004	1,565,235,004
CLOSING SHAREHOLDERS' FUNDS		1,565,235,004	1,565,235,004

The notes on pages 8 to 11 form an integral part of these financial statements.

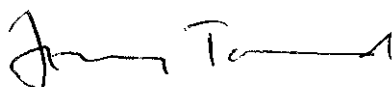
Mitchells & Butlers Holdings Limited

BALANCE SHEET

At 30 September 2006

	<i>Notes</i>	<i>2006</i> £	<i>2005</i> £
FIXED ASSETS			
Investments	6	1,565,236,536	1,565,236,536
CURRENT ASSETS			
Debtors: amounts falling due within one year	7	2	2
CREDITORS: amounts falling due within one year	8	(1,534)	(1,534)
NET CURRENT LIABILITIES		<u>(1,532)</u>	<u>(1,532)</u>
NET ASSETS		<u>1,565,235,004</u>	<u>1,565,235,004</u>
CAPITAL AND RESERVES			
Share capital	9,10	116,666,669	116,666,669
Share premium account	10	1,448,568,335	1,448,568,335
EQUITY SHAREHOLDERS' FUNDS	10	<u>1,565,235,004</u>	<u>1,565,235,004</u>

Signed on behalf of the Board



J C D Townsend
Director

29 March 2007

The notes on pages 8 to 11 form an integral part of these financial statements.

Mitchells & Butlers Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 30 September 2006

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, is set out below.

Basis of accounting

The financial statements are prepared under the historical cost convention. They have been drawn up to comply with applicable UK accounting standards.

Going concern

The financial statements have been prepared on a going concern basis. The Directors of Mitchells & Butlers plc, the ultimate parent undertaking, have stated that they will continue to make funds available to the Company to enable it to meet its debts as they fall due.

Accounting reference date

The Company's accounting reference date is 30 September. The Company has drawn up its prior period financial statements for the 53 weeks to 1 October 2005, the Saturday directly following the accounting reference date, as permitted by section 223 (3) of the Companies Act 1985.

Consolidation

The financial statements contain information about the individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt from preparing group accounts under S228 of Companies Act 1985 since the Company is a wholly owned subsidiary undertaking of another UK company.

Fixed asset investments

Fixed asset investments are stated individually at cost less provision for impairment.

Cash flow

In accordance with FRS1 (Revised) these financial statements do not include a cash flow statement as the Company is a wholly owned subsidiary undertaking of Mitchells & Butlers plc whose financial statements for the 52 weeks ended 30 September 2006 include a consolidated cash flow statement.

2. PROFIT AND LOSS ACCOUNT

The only profit & loss account item in the period was dividend income of £670,899,970 (2005 £88,100,000) from Mitchells & Butlers Leisure Holdings Limited, a subsidiary of the Company.

Auditors' remuneration is borne on behalf of the Company by another group company.

3. INFORMATION REGARDING EMPLOYEES

The Company has no employees apart from the directors who receive no emoluments from this Company.

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

There is no tax charge during the period as the Company's only income during the period was dividend income, which is not subject to tax, from Mitchells & Butlers Leisure Holdings Limited, a subsidiary company. The tax rate applicable to the Company is the UK corporation tax rate of 30%.

There is no provided or unprovided deferred tax at the balance sheet dates.

Mitchells & Butlers Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 30 September 2006

5. DIVIDENDS

During the period, the Company paid dividends of £670,899,970 (2005 £88,100,000) to its immediate parent company, Mitchells & Butlers plc.

6. FIXED ASSET INVESTMENTS

*Subsidiary
undertakings*
£

Cost and net book value at 30 September 2006 and 1 October 2005

1,565,236,536

In the opinion of the Directors the value of the subsidiary undertakings is at least equal to the amounts included above.

Details of the significant investments held, either directly or indirectly, by the Company at 30 September 2006 are set out below:

<i>Name of company</i>	<i>Country of registration (or incorporation) and operation</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
Mitchells & Butlers Leisure Holdings Limited	England & Wales	Ordinary shares	100%	Holding company
Mitchells & Butlers Retail (No 2) Limited	England & Wales	Ordinary shares	100%	Leisure retailing
Mitchells & Butlers (Property) Limited	England & Wales	Ordinary shares	100%	Ownership & management of property
Mitchells & Butlers Leisure Retail Limited *	England & Wales	Ordinary shares	100%	Service company
Crownhill Estates (Derriford) Limited *	England & Wales	Ordinary shares	100%	Leisure retailing
Mitchells & Butlers Retail Holdings Limited *	England & Wales	Ordinary shares	100%	Holding company
Mitchells & Butlers Finance plc **	England & Wales	Ordinary shares	100%	Finance company
Mitchells & Butlers Retail Limited **	England & Wales	Ordinary shares	100%	Leisure retailing
Old Kentucky Restaurants Limited ***	England & Wales	Ordinary shares	100%	Trade mark owner
Mitchells & Butlers Acquisition Company ****	England & Wales	Ordinary shares	100%	Property acquisitions

* held indirectly by Mitchells & Butlers Leisure Holdings Limited.

** held indirectly by Mitchells & Butlers Retail Holdings Limited.

*** held indirectly by Mitchells & Butlers Retail Limited.

**** held indirectly by Mitchells & Butlers Retail (No 2) Limited.

A full list of subsidiary undertakings will be annexed to the next annual return of Mitchells & Butlers Holdings Limited to be filed with the Registrar of Companies

Mitchells & Butlers Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 30 September 2006

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Amounts owed by group undertakings	<u>2</u>	<u>2</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Amounts owed to group undertakings	<u>1,534</u>	<u>1,534</u>

9. SHARE CAPITAL

	2006 £	2005 £
Authorised: 150,000,000 ordinary shares of £1 (2005: 150,000,000)	<u>150,000,000</u>	<u>150,000,000</u>
Allotted, called up and fully paid: 116,666,669 ordinary shares of £1 (2005: 116,666,669)	<u>116,666,669</u>	<u>116,666,669</u>

10. MOVEMENT ON SHARE CAPITAL AND RESERVES

	<i>Share capital</i> £	<i>Profit & loss account</i> £	<i>Total</i> £
At 26 September 2004	116,666,669	1,448,568,335	1,565,235,004
Retained profit for the period	-	88,100,000	88,100,000
Dividends	-	(88,100,000)	(88,100,000)
At 1 October 2005	<u>116,666,669</u>	<u>1,448,568,335</u>	<u>1,565,235,004</u>
Retained profit for the period	-	670,899,970	670,899,970
Dividends	-	(670,899,970)	(670,899,970)
At 30 September 2006	<u>116,666,669</u>	<u>1,448,568,335</u>	<u>1,565,235,004</u>

11. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS8 as a wholly owned subsidiary not to disclose details of related party transactions required by the standard.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 30 September 2006

12. CONTINGENT LIABILITIES

The Company is party to a composite guarantee with other Group companies in connection with its day-to-day cash pooling arrangements. Any potential liability is capped at the level of in hand balances held by the Company and any net overdraft of the group of companies subject to the arrangement. At 30 September 2006, the Company had a bank balance of £nil (2005 nil) and the group of companies had a bank balance of £56,249 (2005 £189,436). Therefore, at 30 September 2006, the Company did not have a contingent liability under the composite guarantee.

13. ULTIMATE PARENT UNDERTAKING

Mitchells & Butlers plc is the ultimate and immediate parent undertaking and controlling party of the Company. The only group in which this company is consolidated is that headed by Mitchells & Butlers plc. Copies of the Group consolidated financial statements of Mitchells & Butlers plc are available from the Company Secretary, Mitchells & Butlers plc, 27 Fleet Street, Birmingham B3 1JP.

All undertakings above, including the Company, are companies incorporated in the United Kingdom and registered in England and Wales.