Tuesday, 6 February 2007

Regent Inns PLC

Half yearly results for the 26 weeks ended 30 December 2006

Regent Inns plc ("Regent" or "the Group"), the operator of UK late-night, entertainment-led venues and restaurants, today announces its results for the 26 weeks ended 30 December 2006. Regent's core brands are Walkabout, Jongleurs, Bar Risa and Old Orleans.

The results include 15 weeks' trade for Old Orleans restaurants which were acquired by the Group on 17 September 2006, positioning the Group in the fast-growing casual dining market.

This year's first half did not include New Year's Eve, unlike the comparative period which ended 31 December 2005.

Financial highlights:

Continuing operations

- Turnover up 10.9% to £73.0m (2005: £65.8m) of which £10.2m relates to Old Orleans
- Operating profit before exceptional items £6.7m (2005: £8.5m)
- Non-comparable New Year's Eve reduces first half profit by £0.5m
- Operating profit from continuing operations £6.1m (2005: £8.5m)
- EBITDA before exceptional items £12.3m (2005: £13.5m)
- Basic earnings per share from continuing operations 2.0p (2005: 3.7p) and excluding exceptionals 2.4p (2005: 3.7p)
- No interim dividend as focus on capital expenditure programme for Old Orleans and reduction of net debt
- Like-for-like sales up 3.4% for the six weeks to 6 January 2007 following anniversary of licensing changes on 25 November 2006 and strong trading over festive period

Corporate progress:

- Acquisition of Old Orleans from Punch Taverns plc for consideration of £26.0m; integration and plans to enhance performance at advanced stages
- Appointment of Russell Scott as Managing Director – Operations
- Senior operational management team strengthened to support enlarged business
- Investment in Brandasia Limited, the franchisee of Asha's, an upmarket Indian restaurant concept, in December 2006

Commenting on the results, Bob Ivell, Executive Chairman, said:

"We are pleased that our high profile brands have been steered successfully through the most significant licensing changes for over 100 years. Whilst the 12 months following these changes have presented significant challenges, our brands are well-positioned to continue providing a safe and fun environment for customers, and to deliver good returns for shareholders.

“During the first half, we placed particular focus on improving all aspects of our food offer. The customer response has been excellent, with food sales in like-for-like venues up 18.1%, and we believe that there is significant potential for further growth.

“Since the anniversary of the licensing changes, we have achieved growth; in the six weeks to 6 January (which includes New Year’s Eve on a comparable basis) like-for-like sales were 3.4% above last year. This six week period has been positive for both brands with Walkabout up 3.1% and Bar Risa Jongleurs up 4.9%.

“Good progress has been made to date with Old Orleans and we are looking forward to implementing many initiatives in the coming months which should significantly improve performance.”

- Ends -

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Attached: Chairman’s Statement
Consolidated Income Statement, Statement of Changes in Shareholders’ Funds, Balance Sheet, Cash Flow Statement
Notes to the Financial Statements

CHAIRMAN'S STATEMENT

I am pleased to report the results for the 26 weeks ended 30 December 2006.

In the Annual Report, I explained in some depth our risk minimisation approach to regulatory change and particularly its effects on our late-night business. As anticipated, this continued to impact the business up to the anniversary of the change, being 25 November 2006. Sales and operating profit for the full reporting period were below last year on a like-for-like basis, but returned to growth over the important December and New Year period.

Significant progress has been achieved in the first half of the year that should improve the future prospects of the Group:

- Old Orleans was acquired on 17 September 2006, establishing us in the fast growing casual dining market. We are well advanced with integrating Old Orleans into the Group and in developing our plans for improving its performance.
- Russell Scott was recruited as our new Managing Director – Operations.
- Our senior operational management team has been strengthened to support the enlarged business.
- Following the anniversary of the licensing change and over the important festive trading period, the business has returned to underlying sales growth.

This year's first half, which closed on 30 December 2006, did not include New Year's Eve, unlike the comparative period which ended 31 December 2005.

Results

The results for the 26 weeks ended 30 December 2006 include 15 weeks trade of Old Orleans Limited, which was acquired on 17 September 2006.

Continuing operations

Turnover increased by 10.9% to £73.0m (2005: £65.8m) of which £10.2m related to Old Orleans.

Operating profit from continuing operations was £6.1m (2005: £8.5m). After adding back exceptional items, operating profit was £6.7m, down £1.8m on last year, approximately £0.5m of the decrease being attributable to New Year's Eve falling outside the reporting period.

Pre-exceptional earnings before interest, tax and depreciation (EBITDA) were £12.3m (2005: £13.5m).

Exceptional items of £0.3m related to expenditure, to the end of the period, associated with integrating Old Orleans into the Group's administrative processes and organisational structure. The loss on sale of fixed assets of £0.2m related to the sale of Bar Risa Jongleurs in Manchester. This venue, which had been struggling to achieve break-even for a number of years, realised net disposal proceeds of £1.6m.

Net Interest payable was £2.5m, up 21% on last year due to funding the acquisition of Old Orleans for 15 weeks of the period.

Profit from continuing operations was £2.2m (2005: £4.2m).

Basic earnings per share from continuing operations was 2.0 pence (2005: 3.7 pence) and excluding exceptional items was 2.4 pence (2005: 3.7 pence).

Cash generated from continuing operations before exceptional items was £9.2m (2005: £12.2m). The reduction was due in part to the difficult trading conditions in the first five months of the period, and in part to our not receiving the full benefit of Old Orleans cash flow whilst that business was operating under the transitional service arrangements provided by the vendor, which we were able to terminate in January ahead of plan.

In line with our plans for the first half, capital expenditure in the period was £3.2m, less than half of the level incurred last year (2005: £6.6m). Our most significant project was the conversion of Bar Risa in Leicester to Walkabout, completed at the end of September at a cost of £0.5m. Since re-opening, this venue's trading performance has been consistently ahead of our targets. The balance of capital expenditure related to minor refurbishment and maintenance works on existing sites.

Discontinued operations
The total loss from discontinued operations was £0.2m (2005: £1.0m).

Operational Review
Entertainment Bars
As previously reported, our strong trading during the FIFA World Cup was followed in July by a slowdown. This was exacerbated by the extremely hot weather and therefore the new financial year started slowly. In addition, comparisons against the Ashes cricket in August and early September 2005, and England's performance in the latest series have been unhelpful.

We maintained our cautious and extremely responsible stance to licensing throughout the period and were delighted to collect two prestigious industry awards: Responsible Drinks Retailing 2006 (Managed Chain) and BEDA's Smirnoff Shine Award for Social Responsibility. We have also been short-listed as a finalist for the Publican Awards - Pub Company of the Year (Managed).

As anticipated, like-for-like sales continued to trend below last year through to the anniversary of licensing deregulation. Most of the sales decline is attributable to liquor during early evening hours because customers are later arriving on the high street following licensing deregulation. Late night admissions have continued to hold up well, evidencing that customers remain hungry for top entertainment and a party atmosphere.

Since the anniversary of the licensing changes, we have achieved growth; in the six weeks to 6 January 2007 (which includes New Year's Eve on a comparable basis) like-for-like sales were 3.4% above last year. This six week period has been positive for both brands with Walkabout up 3.1% and Bar Risa Jongleurs up 4.9%. Christmas and New Year's trading was particularly successful in Jongleurs. This year we introduced a food-inclusive offer and although we reduced show capacities to serve customers more comfortably, ticket income was significantly up on last year and customer feedback scores were consistently ahead of last year. The all-inclusive show format has been a successful development on which we intend to build in the future.

During the first half, we placed particular focus on improving all aspects of our food offer. We regard food as a major growth opportunity, particularly given the evolution of our market through licensing deregulation and the imposition of the smoking ban to be implemented during 2007. During the reporting period, we have introduced value offers and daytime table service across both Walkabout and Bar Risa. The customer response has been excellent; food sales in like-for-like venues were up 18.1% and represented 8.2% of total sales

compared with 6.6% last year. We believe that there is significant potential for further growth.

Our cost base has been well controlled during the period despite the continued upward pressure from the minimum wage, which increased by 5.9% at the beginning of October, and sharp increases in utility costs. A two year supply agreement for electricity expired in September and consequently we have suffered a unit price increase of 38%. Strenuous efforts are underway to reduce energy usage; in the first half we achieved a reduction of 6.6% and in the second half we intend to invest £0.4m that will deliver further significant reductions. Excluding property overheads, like-for-like venue operating costs reduced by 3.2%.

Acquisition of Old Orleans Limited

The acquisition of 29 Old Orleans and 2 Quincey's venues from Punch Taverns plc ("Punch") was completed on 17 September 2006. Although the venues have been under the control of our own operational management since completion, Punch were obliged to provide transitional services in a number of areas, including product and services supply and back office administration including accounting, for a period of up to six months. During this period we have been planning the integration of the venues with our core systems and business processes. We successfully piloted new EPOS and back office systems in four venues in November and rolled-out to the remaining venues in January allowing us to exit the transitional services on 20 January 2007, well ahead of the deadline. Detailed planning has progressed on a number of fronts to develop and improve the business but getting the venues on to our own systems is our first key priority, allowing us to fully control all aspects of operational performance.

The second priority is securing food distribution and the supply of new products to facilitate the launch of a new menu. The new menu is fundamental to our plans for rejuvenating the brand and is a key element in providing customers with an authentic southern American dining experience. All of the distribution, supply, staff training and marketing elements are in place for the new menu which commences on 5 March 2007.

Our third priority is capital investment in the venues. Most have received only minimal capital investment for several years and therefore we believe that there are many good opportunities to improve trading through careful targeting of capital schemes. However, such investment in any given property will not be committed until the lease assignment or sub-let has been properly completed. We are pleased to report that of 27 short leaseholds, the transfers of all but three have been agreed in principal with landlords.

Despite not having Old Orleans fully under our control in the period, we have been pleased with performance. In 15 weeks under our ownership, sales of £10.2m were slightly ahead of our expectations and also were achieved on a reduced level of customer discounts. In the run up to Christmas, certain venues performed exceptionally well, including Manchester which set a new brand record for a week's sales. The wide disparity in performance between venues implies that there is significant upside in a number of the poorer performers. Operating profit before exceptional items (which is after an allocation of central costs) was £0.6m. 'One-off' costs, incurred to 30 December 2006, of £0.3m associated with the integration of Old Orleans into the Group's normal administrative processes and organisation structures, including recruitment and restructuring costs, have been classified as exceptional.

Work is currently being undertaken with professional valuation experts to fair value both the tangible fixed assets and intangible assets acquired, including the brand itself, in order to allocate the final purchase price including costs of £27.4m. This work is not yet complete and therefore, as required under IFRS 3 "Business Combinations", we are providing provisional fair values in note 8 of the interim statement. These provisional values will be subject to adjustment in the annual accounts. The provisional value of fixed assets is

£14.2m, which includes three freehold properties and one long leasehold property. The provisional value for intangibles, which will comprise the brand and goodwill only, is £15.6m. The balance of the acquisition price includes working capital and provisions.

Investment in Brandasia Limited

In December 2006, the Company invested £500k in Brandasia Limited through a convertible loan. Brandasia owns the exclusive franchise in the UK and the Republic of Ireland for 'Asha's', an upmarket Indian restaurant concept. As Regent has the ability to control the operations of Brandasia, its results have been consolidated into the Group.

The interest in Brandasia reflects the Group's increasing focus on authentic food-led venues and the Board's confidence in the demand for and growth prospects of an upmarket branded Indian restaurant concept. The interest in Brandasia was for just over two weeks of the reporting period during which time the operation broke-even. The first Asha's in the UK, in Birmingham, was opened officially by Asha Bhosle, the Bollywood singing legend and founder of the franchise, on 25 January 2007.

Preparations for smoking ban

Preparations are advanced for the ban on smoking in enclosed public places, effective in Wales in early April 2007 and in England from the beginning of July 2007. Valuable knowledge has been gained from our experiences in Scotland, where three venues were subject to the ban from late March 2006, particularly with regard to the most appropriate external structures and operating procedures to accommodate customers wishing to smoke outside. Over half of our estate benefits from some form of external area capable of accommodating smokers. The Group is currently seeking approvals from local planning and licensing authorities and landlords for our proposed works that will optimise facilities for smokers and also broaden the appeal of our external areas for those wishing to eat or drink outside.

Dividend

The Board has decided not to recommend an interim dividend as it continues to believe that there are a number of important opportunities which will create better returns for shareholders. These include the capital expenditure programme for Old Orleans and reduction in debt, both of which will improve the scope for further corporate activity.

Board changes

On 1 September 2006 and as previously announced, we welcomed Russell Scott to the Board as Managing Director – Operations. His previous experience in senior operational positions within the leisure sector at Capital Radio Restaurants PLC, Harry Ramsden's PLC, Whitbread, and Scottish & Newcastle Retail will be a big asset to the Group, particularly in the rejuvenation of the Old Orleans brand and improving operational standards in our existing brands.

Jim Glover, who joined the Board in April 2005 as a Non-Executive Director has been appointed Chairman of the Remuneration & Appointments Committee with effect from 1 February 2007. This position was previously held by Alan Jackson who stepped down from the Board as a Non-Executive Director following our acquisition of Old Orleans so as to avoid any conflict of interest given his position as Chairman of the Restaurant Group plc.

Our search for a replacement Non-Executive Director continues and we will make an announcement in due course.

Our people
Many of our staff have been directly involved in the planning and implementing the integration of Old Orleans into the Group. For many, this has created additional challenges, responsibility and commitment. We are very grateful for their considerable efforts which have enabled this activity to complete successfully and well ahead of the deadlines.

Our front-line staff have also faced additional challenges as a result of licensing deregulation and the accompanying enforcement regime. The recognition and awards received by the Group for its responsible stance on licensing are due entirely to their hard work and diligence. We are grateful to all of them.

Current trading and prospects
We are pleased that our high profile brands have been steered successfully through the most significant licensing changes for over 100 years. Whilst the 12 months following these changes have presented significant challenges, our brands are well positioned to continue providing a safe and fun environment for customers and to deliver good returns for shareholders.

Walkabout comparables in the second half will clearly be affected by the FIFA World Cup in 2006, but this aside, the sporting calendar for 2007 looks promising, with the RBS Six Nations Rugby off to a good start, a more competitive football Premiership title race this year, football Euro 2008 qualifiers and, later in the year, the Rugby World Cup.

Good progress has been made to date with Old Orleans and we are looking forward to implementing many initiatives in the coming months which should significantly improve performance.

Bob Ivell
Executive Chairman
5 February 2007

CONSOLIDATED INCOME STATEMENT
for the twenty six weeks ended 30 December 2006

	Note	**Unaudited 26 weeks ended 30 December 2006 £'000 Continuing**	**Unaudited 26 weeks ended 30 December 2006 £'000 Acquisition**	**Unaudited 26 weeks ended 30 December 2006 £'000 Total**	Unaudited 26 weeks ended 31 December 2005 £'000 Total	Audited 52 weeks ended 1 July 2006 £'000 Total
Continuing operations						
Revenue		**62,764**	**10,221**	**72,985**	65,816	127,641
Cost of sales		**(14,815)**	**(2,721)**	**(17,536)**	(14,579)	(28,662)
Gross profit		**47,949**	**7,500**	**55,449**	51,237	98,979
Operating costs		**(42,069)**	**(7,236)**	**(49,305)**	(42,737)	(90,028)
Operating profit before exceptional items		**6,077**	**607**	**6,684**	8,500	14,553
Loss on sale of fixed assets		**(197)**	**-**	**(197)**	-	(28)
Exceptional items	2	**-**	**(343)**	**(343)**	-	(5,574)
Operating profit		**5,880**	**264**	**6,144**	8,500	8,951
Interest payable and similar charges	3			**(2,812)**	(2,592)	(5,030)
Interest receivable	3			**316**	525	1,056
Profit before taxation				**3,648**	6,433	4,977
Taxation	4			**(1,418)**	(2,225)	(887)
Profit from continuing operations				**2,230**	4,208	4,090
Discontinued operations						
Loss on trading activities	5			**(19)**	(210)	(205)
Provision for onerous leases	5			**(49)**	-	(1,779)
Loss on sale of fixed assets	5			**(106)**	(760)	(367)
Loss from discontinued operations	5			**(174)**	(970)	(2,351)
Profit for the period attributable to equity shareholders				**2,056**	3,238	1,739
Earnings per share						
- basic	7			**1.8p**	2.9p	1.5p
- diluted	7			**1.8p**	2.8p	1.5p
Earnings per share from continuing operations						
- basic	7			**2.0p**	3.7p	3.6p
- diluted	7			**1.9p**	3.7p	3.6p

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
for the twenty six weeks ended 30 December 2006

Unaudited

	Share Capital £'000	Share Premium £'000	Capital Reserve £'000	Convertible Bond Reserve £'000	Equity Reserve £'000	Profit & Loss account £'000	Minority Interest £'000	Total £'000
At 3 July 2005	5,625	50,080	(322)	60	308	4,363	-	60,114
Ordinary shares issued	39	496	-	-	-	-	-	535
Profit for the period	-	-	-	-	-	3,238	-	3,238
Share-based payment expense	-	-	-	-	133	-	-	133
At 31 December 2005	5,664	50,576	(322)	60	441	7,601	-	64,020
Ordinary shares issued	-	10	-	-	-	-	-	10
Loss for the period	-	-	-	-	-	(1,499)	-	(1,499)
Share-based payment expense	-	-	-		167	-	-	167
At 1 July 2006	5,664	50,586	(322)	60	608	6,102	-	62,698
Ordinary shares issued	1	9	-	-	-	-	-	10
Purchase of own shares	-	-	(187)	-	-	-	-	(187)
Profit for the period	-	-	-	-	-	2,056	-	2,056
Share-based payment expense	-	-	-	-	170	-	-	170
Investment in Brandasia Limited	-	-	-	-	-	-	(50)	(50)
At 30 December 2006	**5,665**	**50,595**	**(509)**	**60**	**778**	**8,158**	**(50)**	**64,697**

CONSOLIDATED BALANCE SHEET
as at 30 December 2006

	Unaudited 30 December 2006 £'000	Unaudited 31 December 2005 £'000	Audited 1 July 2006 £'000
Assets			
Non-current assets			
Intangibles	**22,356**	6,776	6,776
Property, plant and equipment	**155,068**	151,211	143,980
Other non-current assets	**2,432**	2,576	2,504
	179,856	160,563	153,260
Current assets			
Inventories	**2,641**	2,267	1,839
Trade and other receivables	**10,895**	7,408	6,870
Cash and cash equivalents	**4,056**	2,608	-
	17,592	12,283	8,709
Assets held for sale	**210**	210	210
	17,802	12,493	8,919
Current liabilities			
Financial liabilities			
Borrowings	**(2,787)**	(2,725)	(2,735)
Interest rate swaps	**(165)**	(304)	(95)
Unsecured convertible loan notes	**(5,940)**	-	-
Finance leases	**(36)**	-	-
Trade and other payables	**(18,889)**	(16,097)	(15,614)
Current tax liabilities	**(2,296)**	(1,797)	(1,347)
Provisions for liabilities and charges	**(800)**	(580)	(800)
	(30,913)	(21,503)	(20,591)
Net current liabilities	**(13,111)**	(9,010)	(11,672)
Total assets less current liabilities	**166,745**	151,553	141,588
Non-current liabilities			
Financial liabilities			
Borrowings	**(74,728)**	(56,265)	(47,402)
Interest rate swaps	**-**	(569)	(347)
Unsecured convertible loan notes	**-**	(5,940)	(5,940)
Finance leases	**(110)**	-	-
Deferred tax liabilities	**(21,078)**	(20,070)	(19,026)
Other non-current liabilities	**(2,051)**	(2,140)	(2,095)
Provisions	**(4,081)**	(2,549)	(4,080)
	(102,048)	(87,533)	(78,890)
Net assets	**64,697**	64,020	62,698
Capital and reserves			
Called up share capital	**5,665**	5,664	5,664
Share premium account	**50,595**	50,576	50,586
Capital reserve – own shares	**(509)**	(322)	(322)
Convertible bond reserve	**60**	60	60
Equity reserve	**778**	441	608
Profit and loss account	**8,158**	7,601	6,102
	64,747	64,020	62,698
Minority interest	**(50)**	-	-
Total equity	**64,697**	64,020	62,698

CONSOLIDATED CASH FLOW STATEMENT
for the twenty six weeks ended 30 December 2006

	Notes	**Unaudited 26 weeks ended 30 December 2006 £'000**	Unaudited 26 weeks ended 31 December 2005 £'000	Audited 52 weeks ended 1 July 2006 £'000
Cash flows from operating activities				
Cash generated from operations	9	**8,069**	11,641	23,100
Interest received		**39**	106	206
Interest paid		**(1,697)**	(3,710)	(5,610)
Net cash from operating activities		**6,411**	8,037	17,696
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		**1,462**	326	208
Purchase of property, plant and equipment		**(3,222)**	(6,648)	(9,817)
Acquisition of subsidiaries, net of cash acquired		**(27,408)**	-	-
Net cash used in investing activities		**(29,168)**	(6,322)	(9,609)
Cash flows from financing activities				
Net proceeds from issue of ordinary share capital		**10**	535	545
Net proceeds from issue of new bank loan		**27,000**	60,000	51,000
Repayment of borrowings		**-**	(63,196)	(63,196)
New bank facility fees		**-**	(1,100)	(1,100)
Purchase of own shares		**(187)**	-	-
Net cash used in/(generated from) financing activities		**26,823**	(3,761)	(12,751)
Net increase/(decrease) in cash and cash equivalents	10	**4,066**	(2,046)	(4,664)
Opening cash and cash equivalents		**(10)**	4,654	4,654
Closing cash and cash equivalents		**4,056**	2,608	(10)

NOTES TO THE FINANCIAL STATEMENTS
for the twenty six weeks ended 30 December 2006

1. Basis of Preparation

This interim report has been prepared on the basis of the accounting policies set out in the Group's statutory accounts for the 52 weeks ended 1 July 2006.

The taxation charge for the period is based on the directors' best estimate of the annual effective rate of taxation for the continuing business and then adjusted as appropriate for the specific exceptional items falling within the interim reporting period.

The interim report has been prepared in accordance with the Listing Rules of the Financial Services Authority.

The interim report for the twenty-six weeks ended 30 December 2006 does not constitute statutory financial statements as defined in section 240 of the Companies Act 2005 and has not been delivered to the Registrar of Companies. Comparative figures for the 52 weeks ended 1 July 2006 set out within this report have been extracted from the Group's statutory consolidated financial statements for that period, as filed with the Registrar of Companies and on which the auditors gave an unqualified opinion.

2. Exceptional items

	Unaudited 26 weeks ended 30 December 2006 £'000	Unaudited 26 weeks ended 31 December 2005 £'000	Audited 52 weeks ended 1 July 2006 £'000
Integration of Old Orleans Limited	**(343)**	-	-
Impairment provision	**-**	-	(4,995)
Fees in respect of aborted corporate transactions	**-**	-	(379)
Head office relocation	**-**	-	(200)
	(343)	-	(5,574)

'One-off' items of expenditure associated with integrating the acquired Old Orleans business in to the Group's normal administrative processes and new organisation structures have been categorised as exceptional.

3. Finance costs

	Unaudited 26 weeks ended 30 December 2006 £'000	Unaudited 26 weeks ended 31 December 2005 £'000	Audited 52 weeks ended 1 July 2006 £'000
Interest payable and similar charges			
Interest payable on bank borrowings	**(2,410)**	(2,252)	(4,283)
Amortisation of issue costs of bank loan	**(138)**	(90)	(227)
Interest payable on loan notes	**(207)**	(209)	(417)
Other interest payable	**(57)**	(41)	(103)
	(2,812)	(2,592)	(5,030)
Interest receivable			
Interest income	**39**	106	49
Gains arising on interest rate swaps	**277**	419	850
Other interest payable	**-**	-	157
	316	525	1,056

4. Taxation

The continuing operations pre-exceptional taxation charge for the twenty-six weeks ended 30 December 2006 has been calculated by applying the estimated effective rate of taxation for the year ended 30 June 2007, and then adjusting for the specific exceptional items falling within the interim period. The taxation charge/credits applied to discontinued operations reflects the appropriate treatment of the specific items arising in the interim period.

	Unaudited 26 weeks ended 30 December 2006 Total £'000	Unaudited 26 weeks ended 31 December 2005 Total £'000	Audited 52 weeks ended 1 July 2006 Total £'000
Current tax – continuing operations			
- Current year	**(978)**	(1,572)	(1,693)
- Adjustment in respect of prior years	**-**	-	415
Total current tax	**(978)**	(1,572)	(1,278)
Deferred tax – continuing operations			
- Current year	**(440)**	(653)	(939)
- Adjustment in respect of prior years	**-**	-	1,330
Total deferred tax	**(440)**	(653)	391
Taxation	**(1,418)**	(2,225)	(887)

5. Discontinued operations

	Unaudited 26 weeks ended 30 December 2006 £'000	Unaudited 26 weeks ended 31 December 2005 £'000	Audited 52 weeks ended 1 July 2006 £'000
Revenue	**1,089**	1,052	2,055
Expenses	**(1,116)**	(1,352)	(2,348)
Loss before tax	**(27)**	(300)	(293)
Attributable tax credits	**8**	90	88
Post tax results from trading activities	**(19)**	(210)	(205)
New provision for onerous leases	**(70)**	-	(2,065)
Attributable tax credits	**21**	-	286
Post tax loss on onerous leases	**(49)**	-	(1,779)
Loss on sale of fixed assets	**(106)**	(888)	(367)
Attributable tax credits	**-**	128	-
Post tax loss on sale of fixed assets	**(106)**	(760)	(367)
Net loss attributable to discontinued operations	**(174)**	(970)	(2,351)

6. Dividends

The directors do not propose an interim dividend (2006 – nil pence per share).

7. Earnings per share

Earnings per share have been calculated using the weighted average number of shares in issue during the relevant financial periods excluding those held in the ESOT which have been treated as cancelled. The weighted average number of shares in issue was 112,491,097 (2006: 112,508,870) and the earnings, being profit on ordinary activities after taxation, were £2,056,000 (2006: £3,238,000).

Diluted earnings per share adjust for those share options granted to employees and the holders of convertible loan stock where the exercise price is less than the average price of the Company's shares during the period. The diluted weighted average number of shares was 114,397,729 (2005: 114,419,145).

	Earnings			**Earnings per share**		
	Unaudited 26 weeks ended 30 December 2006	Unaudited 26 weeks ended 31 December 2005	Audited 52 weeks ended 1 July 2006	**Unaudited 26 weeks ended 30 December 2006**	Unaudited 26 weeks ended 31 December 2005	Audited 52 weeks ended 1 July 2006
Total EPS						
Basic	**2,056**	3,238	1,739	**1.8**	2.9	1.5
Dilution impact of options	**-**	-	-	**-**	(0.1)	-
Diluted	**2,056**	3,238	1,739	**1.8**	2.8	1.5
Exclude discontinued operations	**174**	970	2,351		-	-
EPS from continuing operations						
Basic	**2,230**	4,208	4,090	**2.0**	3.7	3.6
Diluted	**2,230**	4,208	4,090	**1.9**	3.7	3.6
Exclude exceptional items and loss on sale of fixed assets net of taxation	**437**	-	4,560	**-**	-	-
Adjusted EPS						
Basic	**2,667**	4,208	8,650	**2.4**	3.7	7.7
Diluted	**2,667**	4,208	8,650	**2.3**	3.7	7.5
EPS from discontinued operations						
Basic	**(174)**	(970)	(2,351)	**(0.2)**	(0.9)	(2.1)

8. Acquisitions

Old Orleans Limited

On 17 September 2006 the Company acquired the entire share capital of Old Orleans Limited. In the 15 weeks between the Company's investment and the period end, Old Orleans Limited achieved operating profit of £264k.

Estimated fair value of assets acquired	**Old Orleans Limited**
	£'000
Property, plant and equipment	14,222
Net current liabilities	(227)
Deferred tax	(1,612)
Provisions	(540)
Fair value of net assets	11,843
Intangibles	15,580
	27,423
Satisfied by:	
Cash	25,773
Fees	1,650
	27,423

The Directors are undertaking a fair value exercise of the assets acquired which will be complete by the year end. In accordance with IFRS 3 "Business combinations", the assets have been included in the balance sheet as at 30 December 2006 at provisional values.

Brandasia Limited

On 14 December 2006, the Company invested in Brandasia Limited through a convertible loan of £500,000. The Company may exercise its option to convert the loan into ordinary shares at any time, which would result in a controlling interest. As the Company has the ability to control Brandasia, its results have been consolidated into the Group. In the 2 weeks between the Company's investment and the period end, Brandasia achieved break-even. At the balance sheet date, Brandasia had net liabilities of £30,000, which together with the Company's costs associated with the investment of £20,000 give rise to a minority interest of £50,000.

Russell Scott, the Group's new Managing Director – Operations, is the principal shareholder and managing director of Brandasia and accordingly the transaction is a 'related party transaction' for the purposes of the Listing Rules of the UK Listing Authority. Further disclosures will be included in the Company's next Annual Report and Accounts pursuant to the Listing Rules

9. Cash generated from operations

	Unaudited 26 weeks ended 30 December 2006 £'000	Unaudited 26 weeks ended 31 December 2005 £'000	Audited 52 weeks ended 1 July 2006 £'000
Continuing operations			
Net profit	**2,230**	4,208	4,090
Adjustments for:			
Tax	**1,418**	2,225	887
Depreciation	**5,589**	5,039	10,279
Impairment provision	**-**	-	4,995
Loss on disposal of property, plant and equipment	**197**	-	28
Other exceptional items	**-**	-	579
Integration costs	**343**	-	-
Interest income	**(316)**	(525)	(1,056)
Interest expense	**2,812**	2,592	5,030
Share-based payment expense	**170**	133	300
Lease premiums	**72**	71	143
	12,515	13,743	25,275
Changes in working capital			
(Increase) in inventories	**(784)**	(716)	(293)
(Increase) in trade and other receivables	**(3,804)**	(1,544)	(1,012)
Increase in trade and other payables	**1,237**	687	299
Cash generated from continued operations before exceptionals	**9,164**	12,170	24,269
Cash flows resulting from exceptionals	**(546)**	(72)	(378)
Cash generated from continuing operations	**8,618**	12,098	23,891

	Unaudited 26 weeks ended 30 December 2006 £'000	Unaudited 26 weeks ended 31 December 2005 £'000	Audited 52 weeks ended 1 July 2006 £'000
Discontinued operations			
Net loss	**(174)**	(970)	(2,351)
Adjustments for:			
Taxation	**(29)**	(218)	(374)
Loss on disposal of property, plant and equipment	**106**	888	367
Provision for onerous leases	**70**	-	2,065
	(27)	(300)	(293)
Changes in working capital			
(Increase)/ decrease in inventories	**(3)**	(3)	2
Decrease in trade and other receivables	**20**	51	57
Increase/(decrease) in trade and other payables	**12**	(14)	(47)
Cash generated from discontinued operations before exceptionals	**2**	(266)	(281)
Cash flows resulting from exceptionals	**(551)**	(191)	(510)
Cash flow from discontinued operations	**(549)**	(457)	(791)
Cash generated from operations	**8,069**	11,641	23,100

10. Reconciliation of net cash flow to movement in net debt

	Unaudited 26 weeks ended 30 December 2006 £'000	Unaudited 26 weeks ended 31 December 2005 £'000	Audited 52 weeks ended 1 July 2006 £'000
Increase/(decrease) in cash in the period	**4,066**	(2,046)	(4,664)
Cash (inflow)/outflow from (increase)/decrease in loans	**(27,000)**	3,196	12,196
(Increase)/decrease in net debt resulting from cash flows	**(22,934)**	1,150	7,532
Loans acquired with subsidiary undertakings	**(250)**	-	-
Finance leases acquired with subsidiary undertakings	**(146)**	-	-
Other non-cash changes	**(138)**	1,010	873
Net debt at beginning of period	**(56,137)**	(64,542)	(64,542)
Net debt at end of period	**(79,605)**	(62,382)	(56,137)

Other non-cash changes represent the prepayment of arrangement fees for debt facilities and their subsequent amortisation over the expected useful life of the facilities.

11. Interim report

It is intended to post the interim report to shareholders by no later than 16 February 2007. Copies will be available from this date at the Company's head office: Rowley House, South Herts Office Campus, Elstree Way, Borehamwood, Herts, WD6 1JH.

Independent review report to Regent Inns plc

Introduction

We have been instructed by the company to review the financial information for the 26 weeks ended 30 December 2006 which comprises the consolidated income statement, the consolidated balance sheet, the statement of changes in shareholders equity, the consolidated cash flow statement and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The Listing Rules of the London Stock Exchange require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

This interim report has been prepared in accordance with the basis set out in Note 1.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the 26 weeks ended 30 December 2006.

PricewaterhouseCoopers LLP
Chartered Accountants
London
5 February 2007