J D WETHERSPOON PLC

PRESS RELEASE

FINANCIAL HIGHLIGHTS

• Revenue £569.4m (2011: £525.4m)	+8.4%
• Like-for-like sales	+2.1%
• Free cash flow per share 27.5p (2011: 16.9p)	+62.7%
• Free cash flow £34.9m (2011: £22.7m)	+53.7%
Before exceptional items:	
• Operating profit £53.1m (2011: £49.6m)	+7.2%
• Profit before tax £35.8m (2011: £32.2m)	+11.1%
• Earnings per share 20.2p (2011: 16.5p)	+22.4%
Interim dividend 4p (2011: 4p)	maintained

Commenting on the results, Tim Martin, the Chairman of J D Wetherspoon plc, said:

"The outcome for the first half of the financial year was reasonable, given the pressures on the UK consumer.

As previously stated, the main challenges for the company, in this financial year of 53 trading weeks, will be the continuing cost pressures resulting from government legislation, including further increases to excise duty, business rates and carbon tax.

Sales since our 18 January 2012 pre-close statement have been disappointing, with like-for-like sales in the six weeks to 4 March declining by 0.7% and total sales increasing by 6.1%. As previously stated, we expect the operating profit margin before exceptionals to decline in the second half of this financial year due to continuing cost increases, with the current quarter particularly affected. We are, therefore, slightly more cautious about the potential outcome for the current financial year."

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Photographs are available at: www.newscast.co.uk

Notes to editors

1. JD Wetherspoon owns and operates pubs throughout the UK. The Company aims to provide customers with good-quality food and drink, served by well-trained and friendly staff, at reasonable prices. The pubs are individually designed and the Company aims to maintain them in excellent condition.
2. Visit our website www.jdwetherspoon.co.uk
3. This announcement has been prepared solely to provide additional information to the shareholders of JD Wetherspoon, in order to meet the requirements of the UK Listing Authority's Disclosure and Transparency Rules. It should not be relied on by any other party, for other purposes. Forward-looking statements have been made by the directors in good faith using information available up until the date that they approved this statement. Forward-looking statements should be regarded with caution because of inherent uncertainties in economic trends and business risks.
4. The next Interim Management Statement will be issued on 2 May 2012.

CHAIRMAN'S STATEMENT AND OPERATING REVIEW

In the 26 weeks ended 22 January 2012, like-for-like sales increased by 2.1%, with total sales, including new pubs, increasing by 8.4% to £569.4 million (2011: £525.4 million). Like-for-like bar sales increased by 3.4% (2011: increased by 0.6%), like-for-like food sales were up 0.1% (2011: increased by 7.4%) and machine sales decreased by 3.8% (2011: decreased by 3.8%).

Operating profit before exceptional items increased by 7.2% to £53.1 million (2011: £49.6 million) and after exceptional items increased by 1.9% to £50.5 million (2011: £49.6 million). The operating margin before exceptional items was slightly lower at 9.3% (2011: 9.4%). Costs increased in several areas, especially in taxation, but also in labour, utilities and bar and food supplies. The operating margin after exceptional items was 8.9% (2011: 9.4%).

Profit before tax and exceptional items increased by 11.1% to £35.8 million (2011: £32.2 million) and after exceptional items increased by 3.1% to £33.2 million (2011: £32.2.million). Earnings per share before exceptional items increased by 22.4% to 20.2p (2011: 16.5p), as a result of fewer shares in issue and a reduced corporation tax charge, while basic earnings after exceptional items increased by 10.9% to 18.3p (2011: 16.5p).

As explained below, in "Taxes and Regulation", the company paid taxes of £250.1 million in the period under review, 43.9% of sales, compared to £225.7 million in the same period last year, which was 43.0% of sales. Taxes therefore amounted to a multiple of 10.7 times this years profit after tax, compared to 10.2 times last year, mainly as a result of higher VAT, excise duty and carbon tax.

Net interest was covered 3.1 times by operating profit before exceptional items (2011: 2.9 times) and 2.9 times by operating profit after exceptional items (2011: 2.9 times). Total capital investment was £60.5 million in the period (2011: £54.9 million), with £41.7 million on new pub openings (2011: £38.3 million) and £18.8 million on existing pubs (2011: £16.6 million).

Exceptional items before tax totalled £2.6 million (2011: nil). The exceptional items relate to an IT related asset write off of £1.9 million, an insurance excess payment of £0.3 million (in respect of a pub which suffered a fire) and a provision for the loss on disposal of two trading pubs of £0.4 million.

Free cash flow, after capital investment of £18.8 million in existing pubs and payments of tax and interest, increased to £34.9 million (2011: £22.7 million), due mainly to a higher working capital inflow. Free cash flow per share was 27.5p (2011: 16.9p).

Property

In the period, we opened 20 new pubs and closed two (an airport lease expired and one pub was sold), bringing the number of open pubs at the period end to 841. We now intend to reduce the number of openings to around 40 in this financial year. Over the next few months we will review our plans for pub openings in future financial years, taking account of our concerns for the tax régime, referred to below, on pubs.

Dividends

The board declared an interim dividend of 4.0p per share for the current interim financial period ending 22 January 2012 (2011: 4.0p). The interim dividend will be paid on 23 May 2012 to shareholders on the register at 27 April 2012. The dividend was covered 4.6 times by profit.

Corporation tax

We expect the overall corporation tax charge for the financial year, including current and deferred taxation, to be approximately 28.5% before exceptional items (July 2011: 30.2% before exceptional items and after excluding the effect of the tax-rate change), due to the UK standard weighted average tax rate for the period falling by 1.6% to 25.7%. As in previous years, the company's tax rate is higher than the standard UK tax rate mainly due to depreciation not eligible for tax relief.

We expect the company's current tax rate (excluding deferred tax) to be approximately 28.7% (July 2011: 28.7%), partly due to the planned capital allowances rates reduction of 2% on 1 April 2012 and also lower estimated tax relief, in respect of free share awards to be granted later in the financial year.

Financing

As at 22 January 2012, the company's net bank borrowings (including finance leases) were £456.6 million, an increase of £18.9 million, compared with the previous year end (24 July 2011: £437.7 million). Our debt-to-EBITDA ratio was 2.99 times at the period end, compared with 2.98 times at the previous financial year end.

Taxes and regulation

The table below breaks down the taxes paid in the period, in comparison with both last year and our profit after tax:

	11/12 First half £m	10/11 First half £m
VAT	115.6	95.1
Alcohol duty	65.6	61.6
PAYE and NIC	32.8	32.9
Business rates	21.0	20.2
Corporation tax	9.0	11.1
Machine duty	1.6	1.5
Fuel duty	1.3	1.3
Carbon tax	1.2	0.0
Climate change levy	0.6	0.8
Stamp duty	0.6	0.5
Landfill tax	0.6	0.5
Premise licence and TV licences	0.2	0.2
TOTAL TAX	**250.1**	**225.7**
TAX AS % OF SALES	**43.9%**	**43.0%**
NET PROFIT AFTER TAX (£m)	**23.3**	**22.1**
NET PAT AS % OF SALES	**4.1%**	**4.2%**

The company is concerned by the absolute level of taxes and by their continuing increases, especially since supermarkets pay virtually no VAT, in respect of food purchases, while pubs pay 20%, in effect creating an enormous tax boost for supermarkets, enabling them to cross-subsidise drinks prices. Since VAT was increased from 8% to 15% over 30 years ago, and following further more recent increases to 20%, the pub industry has increasingly struggled to compete. Over that period, pubs have lost approximately half of their beer sales to supermarkets.

This tax, and hence price, disparity has been felt more acutely in less-well-off areas of Britain, where price disparities matter more – and the number of closed pubs in these locations is clearly evident. This, undoubtedly, has a knock-on effect for other businesses in small towns and secondary shopping centres, contributing to closed shops and reduced economic activity.

As well as generating large amounts of tax, pubs create large numbers of jobs, far more per pint or meal than supermarkets do, so the current tax subsidy makes no economic sense.
The situation is exacerbated for pubs by the recent huge increases in excise duty (the tax paid on alcoholic drinks) in recent years, meaning that excise duty in this country is far higher than that in France, for example, with adverse consequences for tourism and the economy generally.

Punitive excise duty increases are often justified by the erroneous argument that they discourage binge drinking by raising consumer prices. In fact, the opposite has occurred: as pub prices go up, following duty increases, customers turn to supermarkets, decreasing the <u>AVERAGE</u> price which consumers pay for drinks.

It is now widely perceived that the previous and current governments' attempts to control binge drinking by a 'crackdown' on pubs have been misconceived and counter-productive. Pubs are not perfect, but generally try to create a supervised and civilised environment for drinking, usually preferable to streets, parks, parties and homes. The government needs to end the supermarket tax subsidy and to aim for excise duties to match the European average.

Further progress

The company continues to try to upgrade every area of the business. We have invested £18.8 million in refurbishments of existing pubs, new IT systems and equipment. For example, we have recently introduced plate-warmers and upgraded our pubs' glass-washers, cutlery and crockery.

Other areas of progress include the national launch of an apprenticeship scheme which has provided employment opportunities for 500 young people. In total, we have created 3,040 new jobs in the last 12 months. Our support for CLIC Sargent continues – and we have now raised over £5.2 million for this worthwhile cause.

We now have 238 pubs listed in CAMRA's Good Beer Guide, the greatest number in our history and more than any other pub company. In this connection, 98% of our pubs are now also accredited by Cask Marque – an excellent quality-assurance system to monitor and report on the condition of ale in pubs.

We are running what we believe to be the world's biggest beer festival, starting on 14 March 2012, featuring 50 beers, including those from America, Belgium, Norway, Russia and South Africa. In general, we continue, at all of our pubs, to be a major supporter of microbreweries and their excellent products.

We continue to upgrade our catering business and are introducing a new menu in late March, featuring 30 dishes at under 700 calories each. Our marketing efforts will also emphasise positive aspects, including free-range eggs, sustainable cod, haddock and salmon, Rainforest-Alliance-certified coffee, dolphin-friendly tuna and 100% British and Irish steaks and beef burgers.

Current trading and outlook

The outcome for the first half of the financial year was reasonable, given the pressures on the UK consumer.

As previously stated, the main challenges for the company, in this financial year of 53 trading weeks, will be the continuing cost pressures resulting from government legislation, including further increases to excise duty, business rates and carbon tax.

Sales since our 18 January 2012 pre-close statement have been disappointing, with like-for-like sales in the six weeks to 4 March declining by 0.7% and total sales increasing by 6.1%. As previously stated, we expect the operating profit margin before exceptionals to decline in the second half of this financial year due to continuing cost increases, with the current quarter particularly affected. We are, therefore, slightly more cautious about the potential outcome for the current financial year.

Tim Martin
Chairman
9 March 2012

Income statement for the 26 weeks ended 22 January 2012

	Notes	**Unaudited 26 weeks ended 22 January 2012**	Unaudited 26 weeks ended 23 January 2011	Audited 52 weeks ended 24 July 2011
		£000	£000	£000
Revenue	4	**569,375**	525,364	1,072,014
Operating costs		**(516,259)**	(475,795)	(969,705)
Operating profit before exceptional items	6	**53,116**	49,569	102,309
Exceptional items	5	**(2,599)**	–	(5,389)
Operating profit		**50,517**	49,569	96,920
Finance income		**27**	14	36
Finance costs		**(17,334)**	(17,362)	(35,564)
Profit before tax		**33,210**	32,221	61,392
Income tax expense	7	**(9,926)**	(10,079)	(14,600)
Profit for the period		**23,284**	22,142	46,792
Earnings per share (pence)	8			
Basic earnings per share		**18.3**	16.5	35.4
Diluted earnings per share		**18.3**	16.5	35.4

All activities relate to continuing operations.

Statement of comprehensive income for the 26 weeks ended 22 January 2012

	Notes	**Unaudited 26 weeks ended 22 January 2012 £000**	Unaudited 26 weeks ended 23 January 2011 £000	Audited 52 weeks ended 24 July 2011 £000
Interest-rate swaps: (loss)/gain taken to equity	13	**(6,638)**	11,045	3,511
Tax on items taken directly to equity		**1,660**	(2,983)	(2,466)
Net (loss)/gain recognised directly in equity		**(4,978)**	8,062	1,045
Profit for the period		**23,284**	22,142	46,792
Total comprehensive income for the period		**18,306**	30,204	47,837

Cash flow statement for the 26 weeks ended 22 January 2012

	Notes	**Unaudited 26 weeks ended 22 January 2012 £000**	**Unaudited 26 weeks ended 22 January 2012 £000**	Unaudited 26 weeks ended 23 January 2011 £000	Unaudited 26 weeks ended 23 January 2011 £000	Audited 52 weeks ended 24 July 2011 £000	Audited 52 weeks ended 24 July 2011 £000
Cash flows from operating activities							
Cash generated from operations	9	**79,173**	**79,173**	70,133	70,133	178,197	178,197
Interest received		**17**	**17**	14	14	39	39
Interest paid		**(16,478)**	**(16,478)**	(16,805)	(16,805)	(34,020)	(34,020)
Corporation tax paid		**(8,968)**	**(8,968)**	(11,115)	(11,115)	(21,215)	(21,215)
Purchase of own shares for share-based payments		**–**	**–**	(2,913)	(2,913)	(5,783)	(5,783)
Net cash inflow from operating activities		**53,744**	**53,744**	39,314	39,314	117,218	117,218
Cash flows from investing activities							
Purchase of property, plant and equipment		**(14,986)**	**(14,986)**	(14,773)	(14,773)	(31,787)	(31,787)
Purchase of intangible assets		**(3,838)**	**(3,838)**	(1,801)	(1,801)	(6,613)	(6,613)
Purchase of lease premiums		**–**		(750)		(825)	
Proceeds of sale of property, plant and equipment		**250**		–		1,100	
Investment in new pubs and pub extensions		**(41,666)**		(37,569)		(86,793)	
Net cash outflow from investing activities		**(60,240)**	**(18,824)**	(54,893)	(16,574)	(124,918)	(38,400)
Cash flows from financing activities							
Equity dividends paid	14	**(10,475)**		–		(5,211)	
Proceeds from issue of ordinary shares		**46**		77		225	
Purchase of shares for cancellation		**–**		(1,217)		(32,759)	
Advances under bank loans	13	**18,199**		16,363		49,962	
Finance costs on new loan	13	**(2,711)**		–		–	
Finance lease payments	13	**(2,038)**		(1,391)		(2,908)	
Net cash inflow from financing activities		**3,021**		13,832		9,309	
Net change in cash and cash equivalents	13	**(3,475)**		(1,747)		1,609	
Opening cash and cash equivalents		**27,690**		26,081		26,081	
Closing cash and cash equivalents		**24,215**		24,334		27,690	
Free cash flow			**34,920**		22,740		78,818
Free cash flow per ordinary share	8		27.5p		16.9p		59.7p

Balance sheet as at 22 January 2012

	Notes	**Unaudited 22 January 2012 £000**	Unaudited 23 January 2011 £000	Audited 24 July 2011 £000
Assets				
Non-current assets				
Property, plant and equipment	10	**907,800**	830,396	881,271
Intangible assets	11	**12,908**	7,932	11,525
Deferred tax assets		**17,229**	14,782	15,569
Other non-current assets	12	**10,350**	10,601	10,520
		948,287	863,711	918,885
Current assets				
Inventories		**20,282**	19,488	21,488
Other receivables		**25,597**	26,359	21,623
Assets held for sale		**145**	–	70
Cash and cash equivalents	13	**24,215**	24,334	27,690
		70,239	70,181	70,871
Total assets		**1,018,526**	933,892	989,756
Liabilities				
Current liabilities				
Trade and other payables		**(185,143)**	(152,832)	(189,777)
Financial liabilities due in one year		**(3,545)**	(2,863)	(3,129)
Current income tax liabilities		**(10,505)**	(10,151)	(9,457)
		(199,193)	(165,846)	(202,363)
Non-current liabilities				
Financial liabilities		**(477,300)**	(427,572)	(462,254)
Derivative financial instruments	13	**(64,518)**	(50,346)	(57,880)
Deferred tax liabilities		**(71,358)**	(76,060)	(71,448)
Provisions and other liabilities		**(25,067)**	(23,447)	(24,766)
		(638,243)	(577,425)	(616,348)
Net assets		**181,090**	190,621	171,045
Shareholders' equity				
Ordinary shares	15	**2,632**	2,777	2,632
Share premium account		**143,245**	143,053	143,199
Capital redemption reserve		**1,798**	1,652	1,798
Hedging reserve		**(48,388)**	(36,759)	(43,410)
Retained earnings		**81,803**	79,898	66,826
Total shareholders' equity		**181,090**	190,621	171,045

Statement of changes in shareholders' equity

	Called-up share capital £000	Share premium account £000	Capital redemption reserve £000	Hedging reserve £000	Retained earnings £000	Total £000
At 25 July 2010	**2,783**	**142,975**	**1,646**	**(44,821)**	**59,558**	**162,141**
Profit for the period					22,142	22,142
Interest-rate swaps						
– profit taken to equity				11,045		11,045
Tax on items taken directly to equity				(2,983)		(2,983)
Comprehensive income				8,062	22,142	30,204
Exercise of options		78				78
Cancellation of shares	(6)		6		(1,217)	(1,217)
Share-based payment charges					2,328	2,328
Purchase of shares held in trust					(2,913)	(2,913)
At 23 January 2011	**2,777**	**143,053**	**1,652**	**(36,759)**	**79,898**	**190,621**
Profit for the period					24,650	24,650
Interest-rate swaps						
– loss taken to equity				(7,534)		(7,534)
Tax on items taken directly to equity				883	(366)	517
Comprehensive (loss)/income				(6,651)	24,284	17,633
Exercise of options	1	146				147
Cancellation of shares	(146)		146		(31,542)	(31,542)
Share-based payment charges					2,267	2,267
Purchase of shares held in trust					(2,870)	(2,870)
Dividends					(5,211)	(5,211)
At 24 July 2011	**2,632**	**143,199**	**1,798**	**(43,410)**	**66,826**	**171,045**
Profit for the period					23,284	23,284
Interest-rate swaps						
– loss taken to equity				(6,638)		(6,638)
Tax on items taken directly to equity				1,660		1,660
Comprehensive (loss)/income				(4,978)	23,284	18,306
Exercise of options		46				46
Share-based payment charges					2,168	2,168
Dividends					(10,475)	(10,475)
At 22 January 2012	**2,632**	**143,245**	**1,798**	**(48,388)**	**81,803**	**181,090**

Notes

1. General information

J D Wetherspoon plc is a public limited company, incorporated and domiciled in England and Wales. Its registered office address is: Wetherspoon House, Central Park, Reeds Crescent, Watford, WD24 4QL.

The company is listed on the London Stock Exchange.

This condensed half-yearly financial information was approved for issue on 9 March 2012.

These interim financial results do not comprise statutory accounts within the meaning of Sections 434 and 435 of the Companies Act 2006. Statutory accounts for the year ended 24 July 2011 were approved by the board of directors on 9 September 2011 and delivered to the Registrar of Companies. The report of the auditors, on those accounts, was unqualified, did not contain an emphasis-of-matter paragraph and did not contain any statement under Sections 498 to 502 of the Companies Act 2006.

The business is subject to minor seasonal fluctuations, depending on public holidays and the weather.

There are no changes to the principal risks and uncertainties as set out in the financial statements for the 52 weeks ended 24 July 2011, which may affect the company's performance in the next six months. The most significant risks and uncertainties relate to the taxation on, and regulation of, the sale of alcohol, cost increases and UK disposable consumer incomes. For a detailed discussion of the risks and uncertainties facing the company, refer to the annual report for 2011, pages 42 and 43.

2. Basis of preparation

This condensed half-yearly financial information of J D Wetherspoon plc (the 'Company'), which is abridged and unaudited, has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with International Accounting Standards (IAS) 34, Interim Financial Reporting, as adopted by the European Union. This half-yearly condensed financial report should be read in conjunction with the annual financial statements for the 52 weeks ended 24 July 2011 which have been prepared in accordance with IFRSs, as adopted by the European Union.

The directors have made enquiries into the adequacy of the Company's financial resources, through a review of the Company's budget and medium-term financial plan, including capital expenditure plans and cash flow forecasts; they have satisfied themselves that the Company will continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going-concern basis in preparing the Company's financial statements.

The financial information for the 52 weeks ended 24 July 2011 is extracted from the statutory accounts of the Company for that year.

The interim accounts for the 26 weeks ended 22 January 2012 and the comparatives for 23 January 2011 are unaudited, but have been reviewed by the auditors. A copy of the review report is included at the end of this report.

3. Accounting policies

Taxes on income in the interim periods are accrued using the tax rate which would be applicable to expected total annual earnings.

The accounting policies adopted in the preparation of the interim report are consistent with those applied in the preparation of the Company's annual report for the year ended 24 July 2011.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 25 July 2011, but are not relevant for the Company:

- **Amendments to IFRS 7** 'Financial instruments: Disclosures on derecognition'
- **Amendments to IAS 24 (revised)** 'Related-party disclosures'
- **Prepayments of a minimum funding requirement (amendments to IFRIC 14)**

4. Revenue

Revenue disclosed in the income statement is analysed as follows:	**Unaudited 26 weeks ended 22 January 2012 £000**	Unaudited 26 weeks ended 23 January 2011 £000	Audited 52 weeks ended 24 July 2011 £000
Sales of food, beverages and machine income	**569,375**	525,364	1,072,014

The Company trades in one business segment (that of operating managed public houses) and one geographical segment (being the United Kingdom).

5. Exceptional Items

	Unaudited 26 weeks ended 22 January 2012 £000	Unaudited 26 weeks ended 23 January 2011 £000	Audited 52 weeks ended 24 July 2011 £000
Operating items			
Impairment of property and fixed assets	–	–	4,410
Loss on disposal of property, plant and equipment	666	–	979
Write-off of IT-related assets and other software costs	1,933	–	–
	2,599	–	5,389

The intangible assets written off in the period relate primarily to the development cost of software which is no longer being implemented.

6. Operating profit before exceptional items

This is stated after charging/(crediting):	**Unaudited 26 weeks ended 22 January 2012 £000**	Unaudited 26 weeks ended 23 January 2011 £000	Audited 52 weeks ended 24 July 2011 £000
Operating lease payments			
– land and building			
• minimum lease payments	**25,735**	25,607	50,502
• contingent rents	**6,940**	6,899	13,586
– equipment and vehicles	**230**	183	375
Repairs and maintenance	**20,073**	17,726	36,241
Rent receivable	**(251)**	(272)	(565)
Depreciation of property, plant and equipment			
– owned assets	**21,928**	19,351	40,460
– assets held under finance leases	**1,082**	1,485	2,406
Amortisation of intangible assets	**620**	569	1,223
Amortisation of non-current assets	**159**	150	306
Share-based payment charges	**2,467**	2,328	4,595

7. Income tax expense

The taxation charge for the period ended 22 January 2012 is calculated by applying an estimate of the effective tax rate before exceptional items of 28.5% for the year ending 23 July 2012 (2011: 31.3%). The UK standard weighted average tax rate for the period is 25.7% (2011: 27.3%), with the latest estimate of the current tax payable on profits for the financial year ending 29 July 2012 being 28.7% (2011: 30.3%).

	Unaudited 26 weeks ended 22 January 2012 £000	Unaudited 26 weeks ended 23 January 2011 £000	Audited 52 weeks ended 24 July 2011 £000
Current tax	**10,288**	9,766	19,169
Current tax on exceptional items – intangible asset write off	**(272)**	–	–
Deferred tax			
Origination and reversal of timing differences	**(90)**	313	980
Impact of change in UK tax rate	**–**	–	(5,549)
Tax charge in the income statement	**9,926**	10,079	14,600

8. Earnings and free cash flow per share

Basic earnings per share has been calculated by dividing the profit attributable to equity holders of £23,284,000 (January 2011: £22,142,000; July 2011: £46,792,000) by the weighted average number of shares in issue during the period of 127,004,632 (January 2011: 134,456,866; July 2011: 132,019,936).

The weighted average number of shares has been adjusted to exclude treasury shares held in respect of the employee Share Incentive Plan.

Earnings before exceptional items per share has been calculated before exceptional items detailed in note 5 and takes account of 3,708 (January 2011: 27,936; July 2011: 23,250) potential dilutive shares under option, giving a weighted average number of ordinary shares, adjusted for the effect of dilution, of 127,008,340 (January 2011: 134,484,802; July 2011: 132,043,186).

Adjusted earnings for the 52 weeks ended 24 July 2011 excludes an adjustment of £5,549,000, in respect of the corporation tax-rate change and exceptional items.

Earnings per share

	January 2012 Earnings £000	January 2011 Earnings £000	July 2011 Earnings £000	**January 2012 EPS pence**	January 2011 EPS pence	July 2011 EPS pence
Basic earnings/diluted earnings	**23,284**	22,142	46,792	**18.3**	16.5	35.4
Adjusted earnings before exceptional items	**25,611**	22,142	46,632	**20.2**	16.5	35.3
Adjusted earnings after exceptional items	**23,284**	22,142	41,243	**18.3**	16.5	31.2

Free cash flow per share

The calculation of free cash flow per share is based on the net cash generated by business activities and available for investment in new pub developments and extensions to current pubs, after funding interest, tax, all other reinvestment in pubs open at the start of the period and the purchase of own shares under the employee share-based schemes ('free cash flow'). It is calculated before taking account of proceeds from property disposals, inflows and outflows of financing from outside sources and dividend payments and is based on the same number of shares in issue as that for the calculation of basic earnings per share.

9. Cash generated from operations

	Unaudited 26 weeks ended 22 January 2012 £000	Unaudited 26 weeks ended 23 January 2011 £000	Audited 52 weeks ended 24 July 2011 £000
Operating profit	**50,517**	49,569	96,920
Operating exceptional Items	**2,599**	–	5,389
Operating profit before exceptional items	**53,116**	49,569	102,309
Depreciation and amortisation	**23,789**	21,555	44,395
Share-based payment charges	**2,168**	2,328	4,595
	79,073	73,452	151,299
Change in inventories	**1,207**	423	(1,577)
Change in receivables	**(3,677)**	(3,640)	(1,896)
Change in payables	**2,570**	(102)	30,371
Net cash inflow from operating activities	**79,173**	70,133	178,197

10. Property, plant and equipment

	£000
Net book amount at 25 July 2010	810,714
Additions	44,094
Disposals	(3,576)
Depreciation	(20,836)
Net book amount at 23 January 2011	830,396
Additions	78,614
Disposals and transfer to assets held for sale	(4,951)
Depreciation, impairment and other movements	(22,788)
Net book amount at 24 July 2011	881,271
Additions	50,653
Disposals and transfer to assets held for sale	(1,114)
Depreciation	(23,010)
Net book amount at 22 January 2012	**907,800**

11. Intangible assets

	£000
Net book amount at 25 July 2010	6,700
Additions	1,801
Amortisation, impairment and other movements	(569)
Net book amount at 23 January 2011	7,932
Additions	4,255
Amortisation, impairment and other movements	(662)
Net book amount at 24 July 2011	11,525
Additions	3,745
Write-off of IT-related assets	(1,742)
Amortisation, impairment and other movements	(620)
Net book amount at 22 January 2012	**12,908**

Intangible assets all relate to computer software and development.

12. Other non-current assets

	Unaudited 26 weeks ended 22 January 2012 £000	Unaudited 26 weeks ended 23 January 2011 £000	Audited 52 weeks ended 24 July 2011 £000
Leasehold premiums	**10,350**	10,601	10,520

13. Analysis of changes in net debt

	24 July 2011 £000	Cash flows £000	Non-cash movement £000	**22 January 2012 £000**
Cash at bank	27,690	(3,475)	–	**24,215**
Debt due after one year	(457,522)	(15,488)	(850)	**(473,860)**
	(429,832)	(18,963)	(850)	**(449,645)**
Finance lease creditor	(7,861)	2,038	(1,162)	**(6,985)**
Net borrowings	(437,693)	(16,925)	(2,012)	**(456,630)**
Derivative – cash flow hedge	(57,880)	–	(6,638)	**(64,518)**
Net debt	(495,573)	(16,925)	(8,650)	**(521,148)**

The £6.6m non-cash movement on the interest-rate swap arises from the movement in fair value of the swaps.

During the period under review, the Company entered into additional forward-starting interest-rate swap agreements, totalling £250 million, in addition to the existing swaps which expire in 2014 and 2016, respectively. The weighted average interest rate of the new swaps is 2.4%, from November 2014 to July 2018.

14. Dividends paid and proposed

	Unaudited 26 weeks ended 22 January 2012 £000	Unaudited 26 weeks ended 23 January 2011 £000	Audited 52 weeks ended 24 July 2011 £000
Paid in the period			
2011 Interim dividend			5,211
2011 Final dividend	**10,475**	–	
	10,475	–	5,211
Dividends in respect of the period			
Interim dividend	5,080	5,211	
Final dividend			10,475
	5,080	5,211	10,475
Dividends per share	4p	4p	8p

15. Share capital

	Number of shares 000s	Share capital £000
Opening balance at 25 July 2010	139,125	2,783
Allotments	23	–
Repurchase of shares	(290)	(6)
Closing balance at 23 January 2011	138,858	2,777
Allotments	45	1
Repurchase of shares	(7,295)	(146)
Closing balance at 24 July 2011	131,608	2,632
Allotments	14	–
Closing balance at 22 January 2012	**131,622**	**2,632**

All issued shares are fully paid.

16. Related-party disclosure

There were no material changes to related parties' transactions described in the last annual financial statements. There have been no related-party transactions having a material effect on the Company's financial position or performance in the first half of the current financial year.