9 September 2011 **PRESS RELEASE**

J D WETHERSPOON PLC
PRELIMINARY RESULTS

(For the 52 weeks ended 24 July 2011)

Record sales and operating profit

FINANCIAL HIGHLIGHTS

• Revenue £1,072.0m (2010: £996.3m)	+7.6%
• Like-for-like sales	+2.1%
• Free cash flow per share 59.7p (2010: 52.9p)	+12.9%

Before exceptional items:

• Operating profit before exceptional items £102.3m (2010: £100.0m)	+2.3%
• Profit before tax and exceptional items £66.8m (2010: £71.0m)	-5.9%
• Earnings per share before exceptional items 35.3p (2010: 36.0p)	-1.9%
• Operating margin before exceptional items 9.5% (2010: 10.0%)	-0.5%

After exceptional Items:

• Operating profit after exceptional items £96.9m (2010: £89.5m)	+8.3%
• Profit before tax after exceptional items £61.4m (2010: £60.5m)	+1.5%
• Basic earnings per share after exceptional items 35.4p (2010: 30.2p)	+17.2%
• Operating margin after exceptional items 9.0% (2010: 9.0%)	0.0%

Tim Martin, chairman of J D Wetherspoon plc, said:

"I am pleased to report a year of further progress for the company, with record sales and operating profit, although profit before tax was lower than last year as a result of higher interest charges. The biggest danger to the pub industry is the tax disparity between supermarkets and pubs, creating a serious and unsustainable competitive disadvantage. In addition, our pubs pay far higher VAT than those of our nearest neighbours, Ireland and France, as well as having the second highest rates of excise duty on beer and wine in Europe. The well documented increases in areas such as utilities and bar and food supplies, combined with ongoing pressure on consumers income continue to make this a tough trading environment. Nonetheless, given our resilient sales, profit and cash flow, together with the potential to open further new pubs, the board is aiming for a reasonable outcome in the current financial year."

Enquiries:

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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 drinks, 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 3 November 2011.

2011 CHAIRMAN'S STATEMENT AND OPERATING REVIEW

'Record sales and operating profit'

I am pleased to report a year of further progress for the company, with record sales and operating profit, although profit before tax was lower than last year, as a result of higher interest charges. The company was founded in 1979 – and this is the 28th year since incorporation in 1983. The table below outlines some key indicators of our performance during that period. As this demonstrates, since our flotation in 1992, earnings per share have grown by an average of 16.8% per annum and free cash flow per share by an average of 19.2%.

Summary accounts for the years ended July 1984 to 2011

Financial year	Total sales	Profit before tax and exceptional items	Earnings per share before exceptional items	Free cash flow	Free cash flow per share
	£000	£000	pence	£000	pence
1984	818	(7)	0.0		
1985	1,890	185	0.2		
1986	2,197	219	0.2		
1987	3,357	382	0.3		
1988	3,709	248	0.3		
1989	5,584	789	0.6	915	0.4
1990	7,047	603	0.4	732	0.4
1991	13,192	1,098	0.8	1,236	0.6
1992	21,380	2,020	1.9	3,563	2.1
1993	30,800	4,171	3.3	5,079	3.9
1994	46,600	6,477	3.6	8,284	5.1
1995	68,536	9,713	4.9	13,506	7.4
1996	100,480	15,200	7.8	20,972	11.2
1997	139,444	17,566	8.7	28,027	14.4
1998	188,515	20,165	9.9	28,448	14.5
1999	269,699	26,214	12.9	40,088	20.3
2000	369,628	36,052	11.8	49,296	24.2
2001	483,968	44,317	14.2	61,197	29.1
2002	601,295	53,568	16.6	71,370	33.5
2003	730,913	56,139	17.0	83,097	38.8
2004	787,126	54,074	17.7	73,477	36.7
2005	809,861	47,177	16.9	68,774	37.1
2006	847,516	58,388	24.1	69,712	42.1
2007	888,473	62,024	28.1	52,379	35.6
2008	907,500	58,228	27.6	71,411	50.6
2009	955,119	66,155	32.6	99,494	71.7
2010	996,327	71,015	36.0	71,344	52.9
2011	1,072,014	66,781	35.3	78,818	59.7

Notes

Adjustments to statutory numbers

1. Where appropriate, the EPS, as disclosed in the statutory accounts, have been recalculated to take account of share splits, the issue of new shares and capitalisation issues.

2. Free cash flow per share excludes dividends paid which were included in the free cash flow calculations in the reported accounts for the years 1995–2000.

3. The weighted average number of shares, EPS and free cash flow per share have been adjusted for 2010 and 2011, to exclude treasury shares held in trust for employee share schemes.

4. Before 2005, the accounts were prepared under UKGAAP. All accounts from 2005 to date have been prepared under IFRS.

5. The above table has not been audited.

Like-for-like sales in the year under review increased by 2.1%, with total sales, including new pubs, increasing by £75.7 million to £1,072.0 million, a rise of 7.6% (2010: 4.3%). Like-for-like bar sales increased by 1.7% (2010: decreased by 0.8%), like-for-like food sales increased by 4.2% (2010: increased by 0.1%) and machine sales decreased by 3.9% (2010: increased by 12.1%).

Operating profit before exceptional items increased by 2.3% to £102.3 million (2010: £100.0 million) and, after exceptional items, increased by 8.3% to £96.9 million (2010: £89.5 million). The operating margin, before exceptional items, decreased to 9.5% (2010: 10.0%), mainly as a result of increases in bar and food costs, labour and utilities. The operating margin after exceptional items was 9.0% (2010: 9.0%).

Profit before tax and exceptional items decreased by 5.9% to £66.8 million (2010: £71.0 million) and, after exceptional items, increased by 1.5% to £61.4 million (2010: £60.5 million). Earnings per share before exceptional items decreased by 1.9% to 35.3p (2010: 36.0p), while basic earnings after exceptional items increased by 17.2% to 35.4p (2010: 30.2p).

Net interest was covered 2.9 times by operating profit before exceptional items (2010: 3.4 times) and 2.7 times by operating profit after exceptional items (2010: 3.1 times). Total capital investment was £126.0 million in the period (2010: £81.8 million), with £87.6 million on new pub openings (2010: £57.7 million) and £38.4 million on existing pubs (2010: £24.1 million). The proportion of freehold pubs within new openings increased as did the number of conversions from unlicensed premises, which increased the average cost per new pub. At existing pubs, costs also increased, as we completed the installation of a new EPOS system and accelerated the number of refurbishments.

Exceptional items before tax totalled £5.4 million (2010: £10.6 million). The exceptional items relate to the impairment of trading pub assets of £4.4 million (2010: £10.6 million), an insurance excess payment (in respect of a pub which suffered a fire) of £0.3 million and a loss on the disposal of two undeveloped properties of £0.7 million. The total impairment provision is now £22.9 million on our asset base of £1.4 billion.

Free cash flow, after capital investment of £38.4 million on existing pubs (2010: £24.1 million), £5.8 million in respect of share purchases for employees under the company's share-based payment schemes (2010: £6.1 million) and payments of tax and interest, increased by £7.5 million to £78.8 million (2010: £71.3 million). Free cash flow per share was 59.7p (2010: 52.9p).

Property

The company opened 50 pubs during the year, 34 of which were freehold, and closed two others, resulting in a total estate of 823 pubs at the financial year end. The average development cost for a new pub (excluding the cost of freeholds), in the financial year under review, was £1.21 million, compared with £0.86 million a year ago, mainly as a result of an increased number of conversions from unlicensed premises. The full-year depreciation charge was £44.4 million (2010: £43.7 million).

We currently intend to open an approximately similar number of pubs in the year ending July 2012 as opened in the year under review.

Taxation

The overall tax charge (including deferred tax) on pre-exceptional items before taking into account the effect of the tax-rate change on deferred tax is 30.2% (2010: 31.6%). The UK standard weighted average tax rate for the period is 27.3% (2010: 28%). The difference between that rate and the company tax is 2.9% (2010: 3.6%), due primarily to the level of non-qualifying depreciation (depreciation which does not qualify for tax relief); this is partially offset by the deduction available for share-based payments for employees.

The current tax rate (excluding deferred tax) has fallen to 28.7% (2010: 30.6%). This is due mainly to the decrease in the UK standard average tax rate for the period by 0.7% and also the increase in qualifying capital expenditure during the period.

Financing

As at 24 July 2011, the company's total net bank borrowings (excluding finance leases and derivatives) were £429.8 million (2010: £379.5 million), an increase of £50.3 million. Net debt including finance leases (but excluding derivatives) was £437.7 million (2010: £388.4 million), an increase of £49.3 million. Net debt excluding derivatives has increased, owing to 50 new pub openings costing £87.6 million, reinvestment of £38.4 million, share buybacks of £32.8 million and the dividend payments of £5.2 million. Year-end net-debt-to-EBITDA was 2.98 times (2010: 2.70 times).

As at 24 July 2011, the company had £120.2 million (2010: £170.5 million) of unutilised banking facilities and cash balances, with total facilities of £550.0 million (2010: £550.0 million). Following the year end, the company concluded an amendment and restatement of its existing banking facility. The new non-amortising £555-million four-year-and-eight-month facility, expiring in March 2016, was put in place, with a syndicate of nine existing lenders. Total facilities now available, including an overdraft, are £575.0 million. The company's existing swap arrangements remain in place.

Dividends and return of capital

The board proposes, subject to shareholders' consent, to pay a final dividend of 8.0p per share, on 23 November 2011, to those shareholders on the register on 21 October 2011, giving a total dividend for the year of 12.0p per share (2010: 12.0p dividend per share and 7.0p special dividend per share paid, giving a total dividend of 19.0p per share). The dividend is covered 3.0 times (2010: 2.9 times, excluding special dividend and exceptional items) by earnings.

During the year, 7,585,000 shares (representing approximately 5.0% of the issued share capital) were purchased by the company for cancellation, at a total cost of £32.8m, representing an average cost per share of 428p.

Further progress

We continue to try to make improvements in all areas of the business and have created approximately 2,800 directly employed jobs in the year, with many additional jobs created, in the process, by our many suppliers.

The company held over 1,000 separate training courses in 2010/11, attended by over 11,000 delegates, and promoted over 2,200 to shift leader or management positions.

Bonuses paid to employees in the year totalled £22.6 million (2010: £22.5 million), 98% of which were paid to employees below board level, with 87% of which was paid to employees working in our pubs.

Local authorities have created a 'Scores on the Doors' system which awards between zero and five stars, according to the cleanliness and safety standards found in pubs and catering establishments. Our average score (www.scoresonthedoors.org.uk) is 4.27 which is, we believe, the highest of any substantial pub company. Of our pubs, 86% now have scores of four or five stars – and we aim to continue to improve in this important area.

For many years, Wetherspoon has been the main corporate sponsor of the charity CLIC Sargent (caring for children with cancer and their families). We raised £1,080,612 in the year, bringing our total raised for the charity to approximately £4.6 million.

General taxation and regulation

In the period under review, Wetherspoon made a profit after tax of £46.8 million, but total taxes paid to the government were over £453.1 million, including VAT of £204.8 million, excise duty of £120.2 million, PAYE and National Insurance of £65.2 million, property taxes of £41.7 million and corporation tax of £21.2 million.

We believe that the current level of tax levied on the pub industry is unsustainable and is directly leading to the closure of many pubs, which have become uncompetitive in relation to neighbouring countries and to supermarkets. Supermarkets pay no VAT on food sales, whereas pubs pay 20%, creating a tax disparity between supermarkets and pubs. In addition, the cash tax per pint of beer paid by supermarkets is far less than that paid by pubs. This tax disadvantage has inevitably led to an increase in beer sales from supermarkets and a consequent decline in pubs' beer sales. In addition, British pubs and restaurants now suffer a huge competitive disadvantage, compared with those of our nearest major neighbour France, which levies far lower levels of excise duty and VAT. We also pay far higher levels of VAT in pubs than is the case for Ireland. Both France and Ireland have recently reduced their VAT levels and, paradoxically, have had considerable success in generating jobs and taxes, as a result.

Current trading and outlook

As indicated above, the biggest danger to the pub industry is the tax disparity between supermarkets and pubs, creating a serious and unsustainable competitive disadvantage. In addition, our pubs pay far higher VAT than those of our nearest neighbours, Ireland and France, as well as having the second highest rates of excise duty on beer and wine in Europe.

In the six weeks to 4 September 2011, like-for-like sales increased by 0.4% and total sales increased by 6.7%.

The well-documented increases in areas such as utilities and bar and food supplies, combined with ongoing pressure on consumers' income continue to make this a tough trading environment. Nonetheless, given our resilient sales, profit and cash flow, together with the potential to open further new pubs, the board is aiming for a reasonable outcome in the current financial year.

Tim Martin
Chairman
9 September 2011

INCOME STATEMENT for the 52 weeks ended 24 July 2011
J D Wetherspoon plc, company number: 1709784

	Notes	52 weeks ended 24 July 2011	52 weeks ended 24 July 2011	52 weeks ended 24 July 2011	52 weeks ended 25 July 2010	52 weeks ended 25 July 2010	52 weeks ended 25 July 2010
		Before exceptional items Total £000	Exceptional items (note 3) Total £000	After exceptional items Total £000	Before exceptional items Total £000	Exceptional items (note 3) Total £000	After exceptional items Total £000
Revenue		**1,072,014**	–	**1,072,014**	996,327	–	996,327
Operating costs		**(969,705)**	**(5,389)**	**(975,094)**	(896,314)	(10,557)	(906,871)
Operating profit	**2**	**102,309**	**(5,389)**	**96,920**	100,013	(10,557)	89,456
Finance income	**4**	**36**	–	**36**	16	–	16
Finance costs	**4**	**(35,564)**	–	**(35,564)**	(29,014)	–	(29,014)
Profit before taxation		**66,781**	**(5,389)**	**61,392**	71,015	(10,557)	60,458
Income tax expense	**5**	**(14,600)**	–	**(14,600)**	(19,680)	–	(19,680)
Profit for the year		**52,181**	**(5,389)**	**46,792**	51,335	(10,557)	40,778
Earnings per ordinary share	**6**	**35.3**		**35.4**	36.0		30.2

STATEMENT OF COMPREHENSIVE INCOME for the 52 weeks ended 24 July 2011

	Notes	52 weeks ended 24 July 2011 £000	52 weeks ended 25 July 2010 £000
Interest-rate swaps: income (loss) taken to equity		**3,511**	(25,393)
Tax on items taken directly to equity	**5**	**(2,466)**	6,856
Net gain/(loss) recognised directly in equity		**1,045**	(18,537)
Profit for the year		**46,792**	40,778
Total comprehensive income for the year		**47,837**	22,241

CASH FLOW STATEMENT for the 52 weeks ended 24 July 2011
J D Wetherspoon plc, company number: 1709784

	Notes	**52 weeks ended 24 July 2011 £000**	**52 weeks ended 24 July 2011 £000**	52 weeks ended 25 July 2010 £000	52 weeks ended 25 July 2010 £000
Cash flows from operating activities					
Cash generated from operations	**7**	**178,197**	**178,197**	153,405	153,405
Interest received		**39**	**39**	9	9
Interest paid		**(34,020)**	**(34,020)**	(30,252)	(30,252)
Corporation tax paid		**(21,215)**	**(21,215)**	(21,617)	(21,617)
Gaming machine VAT receipt		–		14,941	
Purchase of own shares for share-based payments		**(5,783)**	**(5,783)**	(6,129)	(6,129)
Net cash inflow from operating activities		**117,218**	**117,218**	110,357	95,416
Cash flows from investing activities					
Purchase of property, plant and equipment		**(31,787)**	**(31,787)**	(21,778)	(21,778)
Purchase of intangible assets		**(6,613)**	**(6,613)**	(2,294)	(2,294)
Proceeds on sale of property, plant and equipment		**1,100**		170	
Investment in new pubs and pub extensions		**(86,793)**		(53,804)	
Purchase of lease premiums		**(825)**		(3,935)	
Net cash outflow from investing activities		**(124,918)**	**(38,400)**	(81,641)	(24,072)
Cash flows from financing activities					
Equity dividends paid	**9**	**(5,211)**		(26,174)	
Proceeds from issue of ordinary shares		**225**		523	
Purchase of own shares		**(32,759)**		–	
Advances/(repayments) under bank loans	**8**	**49,962**		87,586	
Repayment of US private placement		–		(86,742)	
Advances under finance leases		–		9,092	
Finance costs on new loan	**8**	–		(7,626)	
Finance lease principal payments	**8**	**(2,908)**		(2,898)	
Net cash inflow/(outflow) from financing activities		**9,309**		(26,239)	
Net increase in cash and cash equivalents	**8**	**1,609**		2,477	
Opening cash and cash equivalents		**26,081**		23,604	
Closing cash and cash equivalents		**27,690**		26,081	
Free cash flow	**6**		**78,818**		71,344
Free cash flow per ordinary share	**6**		**59.7**		52.9

BALANCE SHEET as at 24 July 2011
J D Wetherspoon plc, company number: 1709784

	Notes	24 July 2011 £000	25 July 2010 £000
Assets			
Non-current assets			
Property, plant and equipment	**10**	**881,271**	810,714
Intangible assets	**11**	**11,525**	6,700
Deferred tax assets		**15,569**	17,597
Other non-current assets	**12**	**10,520**	10,001
Total non-current assets		**918,885**	845,012
Current assets			
Inventories		**21,488**	19,911
Other receivables		**21,623**	19,727
Assets held for sale		**70**	–
Cash and cash equivalents		**27,690**	26,081
Total current assets		**70,871**	65,719
Total assets		**989,756**	910,731
Liabilities			
Current liabilities			
Trade and other payables		**(189,777)**	(162,553)
Financial liabilities		**(3,129)**	(2,829)
Current income tax liabilities		**(9,457)**	(11,501)
Total current liabilities		**(202,363)**	(176,883)
Non-current liabilities			
Financial liabilities		**(462,254)**	(411,643)
Derivative financial instruments		**(57,880)**	(61,391)
Deferred tax liabilities		**(71,448)**	(75,579)
Other liabilities		**(24,766)**	(23,094)
Total non-current liabilities		**(616,348)**	(571,707)
Net assets		**171,045**	162,141
Shareholders' equity			
Ordinary shares		**2,632**	2,783
Share premium account		**143,199**	142,975
Capital redemption reserve		**1,798**	1,646
Hedging reserve		**(43,410)**	(44,821)
Retained earnings		**66,826**	59,558
Total shareholders' equity		**171,045**	162,141

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Notes	Called-up share capital £000	Share premium account £000	Capital redemption reserve £000	Hedging reserve £000	Retained earnings £000	**Total £000**
At 26 July 2009		**2,779**	**142,456**	**1,646**	**(26,284)**	**47,096**	**167,693**
Profit for the year		–	–	–	–	40,778	**40,778**
Interest-rate swaps: loss taken to equity		–	–	–	(25,393)	–	**(25,393)**
Tax on items taken directly to equity	5	–	–	–	6,856	–	**6,856**
Total comprehensive loss		–	–	–	(18,537)	40,778	**22,241**
Exercise of options		4	519	–	–	–	**523**
Share-based payments		–	–	–	–	3,987	**3,987**
Purchase of shares held in trust		–	–	–	–	(6,129)	**(6,129)**
Dividends	9	–	–	–	–	(26,174)	**(26,174)**
At 25 July 2010		**2,783**	**142,975**	**1,646**	**(44,821)**	**59,558**	**162,141**
Profit for the year						46,792	**46,792**
Interest-rate swaps: profit taken to equity					3,511		**3,511**
Tax on items taken directly to equity	5				(2,100)	(366)	**(2,466)**
Total comprehensive profit					1,411	46,426	**47,837**
Exercise of options		1	224				**225**
Repurchase of shares		(152)		152		(32,759)	**(32,759)**
Share-based payments						4,595	**4,595**
Purchase of shares held in trust						(5,783)	**(5,783)**
Dividends	9					(5,211)	**(5,211)**
At 24 July 2011		**2,632**	**143,199**	**1,798**	**(43,410)**	**66,826**	**171,045**

As at 24 July 2011, the company had distributable reserves of £23.4 million (2010: £14.7 million).

1. Authorisation of financial statements and statement of compliance with IFRSs

The preliminary announcement for the 52 week period ended 24 July 2011 has been prepared in accordance with the accounting policies as disclosed in J D Wetherspoon plc's Annual Report and Accounts 2010.

The annual financial information presented in this preliminary announcement for the 52 week period ended 24 July 2011 is based on, and is consistent with, that in the Company's audited financial statements for the 52 week period ended 24 July 2011, and those financial statements will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The independent auditors' report on those financial statements is unqualified and does not contain any statement under section 498 (2) or 498 (3) of the Companies Act 2006.

Information in this preliminary announcement does not constitute statutory accounts of the Company within the meaning of section 434 of the Companies Act 2006. The full financial statements for the Company for the 52 weeks ended 25 July 2010 have been delivered to the Registrar of Companies. The independent auditor's report on those financial statements was unqualified and did not contain a statement under section 498 (2) or 498 (3) of the Companies Act 2006.

2 Operating profit before exceptional items – analysis of costs by nature

This is stated after charging/(crediting):

	52 weeks ended 24 July 2011 £000	52 weeks ended 25 July 2010 £000
Operating lease payments	**64,463**	62,341
Repairs and maintenance	**36,241**	34,233
Rent receivable	**(565)**	(392)
Depreciation of property, plant and equipment	**42,866**	42,620
Amortisation of intangible assets	**1,223**	811
Amortisation of non-current assets	**306**	268
Share-based charges	**4,595**	3,987
Auditors' remuneration		
Audit services:		
– audit fees	**150**	152
– other services supplied pursuant to relevant legislation	**28**	26
– other services	**105**	10
Total auditors' fees	**283**	188

3 Exceptional items

	52 weeks ended 24 July 2011 £000	52 weeks ended 25 July 200 £000
Operating items		
Property impairment	**4,410**	10,557
Insurance excess	**250**	–
Loss on disposal of property, plant and equipment	**729**	–
Operating exceptional items	**5,389**	10,557

During the year under review, an exceptional charge of £4,410,000 (2010: £10,557,000) relates to the impairment of property and fixed assets, following a review of the company's assets, as required under IAS 36.

Under the impairment review, each cash-generating unit (CGU) is reviewed for its recoverable amount, determined as being the higher of its fair value less costs to sell and its value in use.

Property-related disposals and write-offs are in respect of the loss on disposal of two sites, together with an insurance excess paid in respect of one site damaged by fire.

4 Finance income and costs

	52 weeks ended 24 July 2011 £000	52 weeks ended 25 July 2010 £000
Finance costs		
Interest payable on bank loans and overdrafts	**33,143**	26,789
Interest payable on US senior loan notes	–	437
Amortisation of bank loan issue costs	**1,948**	1,227
Interest payable on obligations under finance leases	**473**	561
Total finance costs	**35,564**	29,014
Bank interest receivable	**(36)**	(16)
Total finance income	**(36)**	(16)
Total net finance costs	**35,528**	28,998

	52 weeks ended 24 July 2011 £000	52 weeks ended 25 July 2010 £000
Analysis of finance income and costs in categories in accordance with IAS 39		
Loans and receivables	**(36)**	(16)
Financial liabilities carried at amortised cost	**16,136**	9,327
Financial derivatives	**18,751**	18,983
Other financial expenses	**677**	704
Total net finance cost	**35,528**	28,998

5 Income tax expense

Tax charged in the income statement

	52 weeks ended 24 July 2011 £000	52 weeks ended 25 July 2010 £000
Current income tax:		
Current income tax charge	**19,169**	21,709
Total current income tax	**19,169**	21,709
Deferred tax:		
Origination and reversal of temporary differences	**980**	746
Impact of change in UK tax rate	**(5,549)**	(2,775)
Total deferred tax	**(4,569)**	(2,029)
Tax charge in the income statement	**14,600**	19,680
Tax relating to items charged or credited to equity		
Deferred tax:		
Tax charge (credit) on Interest-rate swaps	**2,100**	(6,856)
Tax charge (credit) in the statement of comprehensive income	**2,100**	(6,856)

6 Earnings and cash flow per share

Basic earnings per share has been calculated by dividing the profit attributable to equity holders of £46,792,000 (2010: £40,778,000) by the weighted average number of shares in issue during the year of 132,019,936 (2010: 134,902,108).

The weighted average number of shares has been adjusted to exclude treasury shares held in respect of the employee Share Incentive Plan and the 2005 Deferred Bonus Scheme.

Earnings before exceptional items per share has been calculated before exceptional items detailed in note 3 and takes account of 23,250 (2010: 59,032) potential dilutive shares under option, giving a weighted average number of ordinary shares adjusted for the effect of dilution of 132,043,186 (2010: 134,902,108).

Adjusted earnings excludes an adjustment in respect of the corporation tax-rate change of £5,549,000 (2010: £2,775,000) and exceptional items.

Earnings per share	**Earnings 52 weeks ended 24 July 2011 £000**	Earnings 52 weeks ended 25 July 2010 £000	**Earnings per share 52 weeks ended 24 July 2011 pence**	Earnings per share 52 weeks ended 25 July 2010 pence
Basic earnings/Diluted earnings	**46,792**	40,778	**35.4**	30.2
Adjusted earnings before exceptional items	**46,632**	48,560	**35.3**	36.0
Adjusted earnings after exceptional items	**41,243**	38,003	**31.2**	28.2

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, corporate tax, all other reinvestment in pubs open at the start of the period and the purchase of own shares under the employee Share Incentive Plan ('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.

Free cash flow per share	**52 weeks ended 24 July 2011**	52 weeks ended 25 July 2010
Free cash flow (£000)	**78,818**	71,344
Free cash flow per share (p)	**59.7**	52.9

7 Cash generated from operations

	52 weeks ended 24 July 2011 £000	52 weeks ended 25 July 2010 £000
Profit attributable to shareholders	**46,792**	40,778
Adjusted for:		
Tax	**14,600**	19,680
Impairment charge	**4,410**	10,557
Loss on disposal of property, plant and equipment	**979**	–
Amortisation of intangible assets	**1,223**	811
Depreciation of property, plant and equipment	**42,866**	42,620
Lease premium amortisation	**306**	268
Share-based charges	**4,595**	3,987
Interest receivable	**(36)**	(16)
Amortisation of bank loan issue costs	**1,948**	1,227
Interest payable	**33,616**	27,787
	151,299	147,699
Change in inventories	**(1,577)**	(1,957)
Change in receivables	**(1,896)**	(3,401)
Change in payables	**30,371**	11,064
Net cash inflow from operating activities	**178,197**	153,405

8 Analysis of changes in net debt

	At 25 July 2010 £000	Cash flows £000	Non-cash movement £000	**At 24 July 2011 £000**
Cash on hand	26,081	1,609	–	**27,690**
Debt due after one year	(405,612)	(49,962)	(1,948)	**(457,522)**
Bank borrowing	(379,531)	(48,353)	(1,948)	**(429,832)**
Finance lease creditor – due less than one year	(2,829)	2,908	(3,208)	**(3,129)**
Finance lease creditor – due after one year	(6,031)	–	1,299	**(4,732)**
Net borrowings	(388,391)	(45,445)	(3,857)	**(437,693)**
Derivative – interest rate swaps	(61,391)	–	3,511	**(57,880)**
Net debt	(449,782)	(45,445)	(346)	**(495,573)**

9 Dividends paid and proposed

	52 weeks ended 24 July 2011 £000	52 weeks ended 25 July 2010 £000
Declared and paid during the year:		
Dividends on ordinary shares:		
– interim for 2010/11: 4p (2009/10: 19p)	**5,211**	26,174
Dividends paid	**5,211**	26,174
Proposed for approval by shareholders at the AGM:		
– final dividend for 2010/11: 8p (2009/10: 0p)	**10,402**	–

As detailed in the interim accounts, the board declared and paid an interim dividend of 4.0p for the financial year ending 24 July 2011.

10 Property, plant and equipment

	Freehold and long leasehold property £000	Short leasehold property £000	Equipment, fixtures and fittings £000	Expenditure on unopened properties £000	Total £000
Cost:					
At 26 July 2009	526,390	362,313	288,502	18,100	1,195,305
Additions	6,566	2,633	16,576	62,174	87,949
Transfers	20,839	20,169	13,348	(54,356)	–
Transfer to/from assets held for sale	–	–	–	3,038	3,038
Disposals	(96)	(2,469)	(2,364)	(279)	(5,208)
At 25 July 2010	553,699	382,646	316,062	28,677	1,281,084
Additions	15,167	3,401	28,655	75,485	122,708
Transfers	58,728	6,791	13,431	(78,950)	–
Transfer to/from assets held for sale				(611)	(611)
Disposals	(2,848)	(1,387)	(2,185)	(1,496)	(7,916)
At 24 July 2011	**624,746**	**391,451**	**355,963**	**23,105**	**1,395,265**
Depreciation and impairment:					
At 26 July 2009	75,978	130,024	215,400	–	421,402
Provided during the period	10,204	12,375	20,041	–	42,620
Impairment loss and depreciation adjustment	1,674	6,775	992	–	9,441
Disposals	(7)	(2,294)	(2,012)	–	(4,313)
Transfer from assets held for sale	–	–	–	1,220	1,220
At 25 July 2010	87,849	146,880	234,421	1,220	470,370
Provided during the period	12,118	9,906	20,842	–	42,866
Impairment loss	2,231	2,031	148	–	4,410
Disposals	(395)	(798)	(1,639)	(820)	(3,652)
Reclassification	1,503	(1,503)	–	–	–
At 24 July 2011	**103,306**	**156,516**	**253,772**	**400**	**513,994**
Net book amount at 24 July 2011	**521,440**	**234,935**	**102,191**	**22,705**	**881,271**
Net book amount at 25 July 2010	465,850	235,766	81,641	27,457	810,714
Net book amount at 26 July 2009	450,412	232,289	73,102	18,100	773,903

Impairment of property, plant and equipment

The company considers each trading outlet to be a separate cash-generating unit (CGU), with each CGU reviewed annually for indicators of impairment.

In assessing whether an asset has been impaired, the carrying amount of the CGU is compared with its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use.

In the absence of any information about the fair value of a CGU, the recoverable amount is deemed to be its value in use.

The company estimates value in use using a discounted cash flow model, based on the expected future trading performance anticipated by management. There is a significant number of interconnected assumptions which underpins the value-in-use calculations. However, the underlying basis for the impairment model involves each CGU's projected cash flow for the 52 weeks ending 22 July 2012, extrapolated to incorporate individual assumptions, in respect of sales growth, gross margin and cost-savings for that specific CGU.
The pre-tax discount rate employed by the company this year was 10% (2010: 10.0%).

The board approved the discount rate, considering it to be prudent, yet reflective of the current economic climate.

As a result of this exercise, an impairment loss of £4,410,000 (2010: £10,557,000) was charged to operating costs in the income statement.

Management believes that a reasonable change in any of the key assumptions, for example the discount rate applied to each CGU, could cause the carrying value of the CGU to exceed its recoverable amount, but that the change would be immaterial.

11 Intangible assets

	IT software costs £000
Cost:	
At 26 July 2009:	14,334
Additions	2,653
At 25 July 2010	16,987
Additions	6,049
Disposals	(49)
At 24 July 2011	**22,987**
Amortisation	
At 26 July 2009	9,476
Amortisation during the period	811
At 25 July 2010	10,287
Amortisation during the period	1,223
Disposals	(48)
At 24 July 2011	**11,462**
Net book amount at 24 July 2011	**11,525**
Net book amount at 25 July 2010	6,700
Net book amount at 26 July 2009	4,858

12 Other non-current assets

	Lease premiums £000
Cost:	
At 26 July 2009	9,746
Additions	3,636
Disposals	(219)
At 25 July 2010	13,163
Additions	825
At 24 July 2011	**13,988**
Amortisation	
At 26 July 2009	1,777
Amortisation during the period	268
Impairment charge (note 11)	1,117
At 25 July 2010	3,162
Amortisation during the period	306
At 24 July 2011	**3,468**
Net book amount at 24 July 2011	**10,520**
Net book amount at 25 July 2010	10,001
Net book amount at 26 July 2009	7,969