14 September 2012 **PRESS RELEASE**

J D WETHERSPOON PLC
PRELIMINARY RESULTS
(For the 53 weeks ended 29 July 2012)

'Record sales, profit and earnings per share before exceptional items'

FINANCIAL HIGHLIGHTS		**Excluding Week 53**
• Revenue £1,197.1m (2011: £1,072.0m)	+11.7%	+9.3%
• Like-for-like sales	+3.2%	
• Free cash flow £91.5m (2011: £78.8m)	+16.1%	
• Free cash flow per share 73.2p (2011: 59.7p)	+22.6%	
• Profit before tax £58.9m (2011: £61.4m)	-4.1%	
• Dividends per share 12.0p (2011: 12.0p)		
Before exceptional items:		
• Operating Profit £107.3m (2011: £102.3m)	+ 4.9%	+ 2.6%
• Profit before tax £72.4m (2011: £66.8m)	+ 8.4%	+ 5.8%
• Earnings per share 41.3p (2011: 35.3p)	+17.0%	+14.4%

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

"I am pleased to report a year of further progress for the company, with record sales, profit and earnings per share before exceptional items.

As previously indicated, the biggest dangers to the pub industry, are the VAT disparity between supermarkets and pubs, combined with the continuing imposition of stealth taxes, such as the late-night levy and the increase in fruit/slot machine taxes.

In the six weeks to 9 September 2012, like-for-like sales increased by 8.4%, with total sales increasing by 12.8%, helped by a strong performance during the Olympic and Paralympic Games.

Sales this summer have been enhanced by a number of one-off events and we do not expect to sustain this level of growth. As previously indicated, it is anticipated that taxation and input costs will continue to rise. Overall therefore, the company 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 8 November 2012.

2012 CHAIRMAN'S STATEMENT, OPERATING AND FINANCE REVIEW

'Record sales, profit and earnings per share before exceptional items'

I am pleased to report a year of further progress for the company, with record sales, profit and earnings per share before exceptional items. The company was founded in 1979 – and this is the 29th 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 before exceptional items have grown by an average of 16.8% per annum and free cash flow per share by an average of 19.3%.

Summary accounts for the years ended July 1984 to 2012

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	5,837	3.6
1995	68,536	9,713	4.9	13,495	7.4
1996	100,480	15,200	7.8	20,968	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
2012	1,197,129	72,363	41.3	91,542	73.2

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 annual report and accounts for the years 1995–2000.

3. The weighted average number of shares, EPS and free cash flow per share have been adjusted, to exclude 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.

Like-for-like sales in the year under review increased by 3.2%, with total sales, including week 53 and new pubs, increasing by £125.1 million to £1,197.1 million, a rise of 11.7% (2011: 7.6%). Like-for-like bar sales increased by 2.8% (2011: increased by 1.7%), like-for-like food sales increased by 4.8% (2011: increased by 4.2%) and machine sales decreased by 2.8% (2011: decreased by 3.9%).

Operating profit before exceptional items increased by 4.9% to £107.3 million (2011: £102.3 million) and, after exceptional items, decreased by 3.2% to £93.8 million (2011: £96.9 million). The operating margin, before exceptional items, decreased to 9.0% (2011: 9.5%), mainly as a result of increases in taxation, utilities and bar and food costs. The operating margin after exceptional items was 7.8% (2011: 9.0%).

Profit before tax and exceptional items increased by 8.4% to £72.4 million (2011: £66.8 million) and, after exceptional items, decreased by 4.1% to £58.9 million (2011: £61.4 million). Earnings per share before exceptional items increased by 17.0% to 41.3p (2011: 35.3p), while basic earnings after exceptional items increased by 0.6% to 35.6p (2011: 35.4p).

Net interest was covered 3.1 times by operating profit before exceptional items (2011: 2.9 times) and 2.7 times by operating profit after exceptional items (2011: 2.7 times). Total capital investment was £120.6 million in the period (2011: £126.0 million), with £75.4 million on new pub openings (2011: £87.6 million) and £45.2 million on existing pubs (2011: £38.4 million).

Exceptional items before tax totalled £13.5 million (2011: £5.4 million) of which £0.6 million resulted in a cash charge. The exceptional items relate to the impairment of trading pub assets of £7.8 million (2011: £4.4 million), a provision for onerous leases of £2.2 million, an IT-related asset write-off of £1.7 million, a loss on the disposal of property, plant and equipment of £1.1 million and restructuring costs of £0.6 million. The total impairment provision is now £30.1 million, compared with the original cost of our assets of £1.5 billion.

Free cash flow, after capital investment of £45.2 million on existing pubs (2011: £38.4 million), £5.8 million in respect of share purchases for employees under the company's share-based payment schemes (2011: £5.8 million) and payments of tax and interest, increased by £12.7 million to £91.5 million (2011: £78.8 million). Free cash flow per share was 73.2p (2011: 59.7p).

Property

The company opened 40 pubs during the year, 18 of which were freehold, while three others closed, resulting in a total estate of 860 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 £1.42 million, compared with £1.21 million a year ago, as we continue to increase expenditure on kitchens, customer areas and beer gardens. The full-year depreciation charge was £49.2 million (2011: £44.4 million).

We currently intend to open around 25 pubs in the year ending July 2013.

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 28.6% (2011: 30.2%). The UK standard average tax rate for the period is 25.3% (2011: 27.3%). The difference between that rate and the company tax is 3.3% (2011: 2.9%), due primarily to the level of non-qualifying depreciation (depreciation which does not qualify for tax relief).

The current tax rate (excluding deferred tax) has fallen to 25.6% (2011: 28.7%). This is due mainly to the decrease in the UK standard average tax rate for the period by 2% and the increased availability of capital allowances in the period.

Financing

As at 29 July 2012, the company's total net debt, including bank borrowings and finance leases, but excluding derivatives, was £462.6 million (2011: £437.7 million), an increase of £24.9 million. Factors which have led to the increase in debt are 40 new pub openings costing £75.4 million, investment in existing pubs of £45.2 million, share buybacks of £22.7 million and dividend payments of £15.5 million. Year-end net-debt-to-EBITDA was 2.96 times (2011: 2.98 times).

As at 29 July 2012, the company had £128.5 million (2011: £120.2 million) of unutilised banking facilities and cash balances, with total facilities of £575.0 million (2011: £550.0 million). The company's existing interest-rate swap arrangements remain in place.

Dividends and return of capital

The board proposes, subject to shareholders' approval, to pay a final dividend of 8.0p per share (2011: 8.0p per share), on 29 November 2012, to those shareholders on the register on 26 October 2012, giving a total dividend for the year of 12.0p per share (2011: 12.0p per share). The dividend is covered 3.0 times (2011: 3.0 times) by earnings.

During the year, 5,602,174 shares (representing approximately 4.3% of the issued share capital) were purchased by the company for cancellation, at a total cost of £22.7 million, representing an average cost per share of 405p.

Further progress

As in the past, the company has tried to concentrate on improving every area of the business, with a particular emphasis on customer service. In this connection, for example, we have introduced a Catering Academy, so that kitchen managers benefit from several days' off-site training. In addition, we now have a record number of employees on our apprenticeship programme and have also extended the general range of our training courses. Bonuses and free shares were at record levels during the year, amounting to £24.1 million, equivalent to 33.3% of our profits before tax, 85% of which was paid to employees working in our pubs.

We have continued to upgrade the range and quality of products on our drinks and food menus. We have 256 pubs recommended in the 2013 Good Beer Guide, a record number and more than any other company. In addition, 98% of our pubs are Cask Marque* approved. We are selling record numbers of breakfasts, teas and coffees, with virtually all of our pubs now open from 8am, seven days a week, and a significant number opening even earlier.

In the IT area, we have continued to make progress, creating a 'MyJDW' Web site – a greatly improved communications tool between the company and its 28,500 employees. We have also introduced a 'time and attendance' system which has improved the recording of employees' hours and creates the potential for improved labour-scheduling in the future. We have been working, in the course of the last financial year, on a new accounting system which 'went live' on 29 July.

Due to dedicated work by our pub and head office teams, we remain the biggest corporate partner for the charity Clic sargent, which supports young cancer patients and their families. In the year under review, we raised £1.4million, bringing the total raised to over £6million.

*Cask Marque is a system backed by several real-ale brewers, whereby inspectors independently verify the quality of ales at many of Britain's pubs.

Taxation and regulation

As the table below illustrates, the company and its employees paid total taxes of £519.3 million in the financial year, compared with £461.0 million in 2011, an increase of £58.3 million. The company pays over £11 of tax for every £1 of net profit.

	2012 £m	2011 £m
VAT	241.2	204.8
Alcohol duty	136.8	120.2
PAYE and NIC	67.1	65.2
Business rates	43.9	39.8
Corporation tax	18.2	21.2
Machine duty	3.3	2.9
Fuel duty	1.9	1.9
Carbon tax	2.4	0.8
Climate change levy	1.9	1.6
Stamp duty	0.8	1.1
Landfill tax	1.3	1.1
Premise licence and TV licences	0.5	0.4
TOTAL TAX	**519.3**	**461.0**
TAX AS % OF SALES	**43.4%**	**43.0%**
PROFIT AFTER TAX (£m)	**44.6**	**46.8**
PAT AS % OF SALES	**3.7%**	**4.4%**

As we have previously indicated, the pub trade has lost 50% of its beer sales, for example, in the last 30 years, to supermarkets. We believe that supermarkets have been increasingly able to undercut pubs' prices, as a result of the tax disparity between these types of business. In particular, pubs pay 20% VAT in respect of food sales, while supermarkets pay virtually nothing. This enables supermarkets to cross-subsidise their alcoholic drinks' prices, resulting in large numbers of pub closures and also applying enormous pressure to those pubs which remain open.

We believe that the government has accepted that banks, manufacturers and many other businesses need to remain competitive, both domestically and internationally. The tax régime has often been cited as an important factor, by the prime minister and the chancellor of the exchequer, for example, in gaining a competitive advantage for the nation. In this regard, pubs need a level tax playing field with supermarkets, in order to be able to compete effectively in the long run. Unless there is tax equality, pubs will continue to lose trade to supermarkets – and this will be detrimental to the government, since pubs pay far more tax per meal or per pint, and employ more people, than do supermarkets.

In addition, the government continues to impose stealth taxes on the pub industry. Changes to fruit/slot machine duty, recently announced, will cost Wetherspoon an extra £2.0 million per annum, while the so-called late-night levy, which applies to pubs, but not supermarkets, will result in Wetherspoon paying an extra £2.0 million in tax, in order to be able to open between midnight and 1am, once or twice per week, at the majority of our pubs.

All pubs and pub companies are, or should be, happy to pay their share of tax, but the pub industry has been fleeced by the government, in the last decade and a half in particular – resulting in fewer jobs and lower taxes, but more supermarkets, in the UK.

Current trading and outlook

The biggest danger to the pub industry, as indicated above, is the VAT disparity between supermarkets and pubs, combined with the continuing imposition of stealth taxes, such as the late-night levy and the increase in fruit/slot machine taxes.

In the six weeks to 9 September 2012, like-for-like sales increased by 8.4%, with total sales increasing by 12.8%, helped by a strong performance during the Olympic and Paralympic Games.

Sales this summer have been enhanced by a number of one-off events and we do not expect to sustain this level of growth. As previously indicated, it is anticipated that taxation and input costs will continue to rise. Overall therefore, the company is aiming for a reasonable outcome, in the current financial year.

Tim Martin
Chairman
14 September 2012

INCOME STATEMENT for the 53 weeks ended 29 July 2012
J D Wetherspoon plc, company number: 1709784

	Notes	53 weeks ended 29 July 2012 Before exceptional items Total £000	53 weeks ended 29 July 2012 Exceptional items (note 4) Total £000	53 weeks ended 29 July 2012 After exceptional items Total £000	52 weeks ended 24 July 2011 Before exceptional items Total £000	52 weeks ended 24 July 2011 Exceptional items (note 4) Total £000	52 weeks ended 24 July 2011 After exceptional items Total £000
Revenue	2	**1,197,129**	–	**1,197,129**	1,072,014	–	1,072,014
Operating costs		**(1,089,811)**	**(13,481)**	**(1,103,292)**	(969,705)	(5,389)	(975,094)
Operating profit	3	**107,318**	**(13,481)**	**93,837**	102,309	(5,389)	96,920
Finance income	6	**55**	–	**55**	36	–	36
Finance costs	6	**(35,010)**	–	**(35,010)**	(35,564)	–	(35,564)
Profit before taxation		**72,363**	**(13,481)**	**58,882**	66,781	(5,389)	61,392
Income tax expense	7	**(15,038)**	**723**	**(14,315)**	(14,600)	–	(14,600)
Profit for the year		**57,325**	**(12,758)**	**44,567**	52,181	(5,389)	46,792
Earnings per ordinary share	8	**41.3**		**35.6**	35.3		35.4

STATEMENT OF COMPREHENSIVE INCOME for the 53 weeks ended 29 July 2012

	Notes	**53 weeks ended 29 July 2012 £000**	52 weeks ended 24 July 2011 £000
Interest-rate swaps: gain (loss) taken to other comprehensive income		**(8,149)**	3,511
Tax on items taken directly to other comprehensive income	7	**717**	(2,466)
Net loss/(gain) recognised directly in other comprehensive income		**(7,432)**	1,045
Profit for the year		**44,567**	46,792
Total comprehensive income for the year		**37,135**	47,837

CASH FLOW STATEMENT for the 53 weeks ended 29 July 2012
J D Wetherspoon plc, company number: 1709784

	Notes	53 weeks ended 29 July 2012 £000	53 weeks ended 29 July 2012 £000	52 weeks ended 24 July 2011 £000	52 weeks ended 24 July 2011 £000
Cash flows from operating activities					
Cash generated from operations	**9**	**196,733**	**196,733**	178,197	178,197
Interest received		**49**	**49**	39	39
Interest paid		**(36,091)**	**(36,091)**	(34,020)	(34,020)
Corporation tax paid		**(18,168)**	**(18,168)**	(21,215)	(21,215)
Purchase of own shares for share-based payments		**(5,756)**	**(5,756)**	(5,783)	(5,783)
Net cash inflow from operating activities		**136,767**	**136,767**	117,218	117,218
Cash flows from investing activities					
Purchase of property, plant and equipment		**(36,578)**	**(36,578)**	(31,787)	(31,787)
Purchase of intangible assets		**(8,647)**	**(8,647)**	(6,613)	(6,613)
Proceeds on sale of property, plant and equipment		**887**		1,100	
Investment in new pubs and pub extensions		**(74,859)**		(86,793)	
Purchase of lease premiums		**(489)**		(825)	
Net cash outflow from investing activities		**(119,686)**	**(45,225)**	(124,918)	(38,400)
Cash flows from financing activities					
Equity dividends paid	**11**	**(15,544)**		(5,211)	
Proceeds from issue of ordinary shares		**95**		225	
Purchase of own shares		**(22,711)**		(32,759)	
Advances under bank loans	**10**	**18,059**		49,962	
Advances under finance leases	**10**	**10,474**		-	
Finance costs on new loan	**10**	**(2,731)**		-	
Finance lease principal payments	**10**	**(4,373)**		(2,908)	
Net cash inflow/(outflow) from financing activities		**(16,731)**		9,309	
Net increase in cash and cash equivalents	**10**	**350**		1,609	
Opening cash and cash equivalents		**27,690**		26,081	
Closing cash and cash equivalents		**28,040**		27,690	
Free cash flow			**91,542**		78,818
Free cash flow per ordinary share	**8**		**73.2**		59.7

BALANCE SHEET for the 53 weeks ended 29 July 2012
J D Wetherspoon plc, company number: 1709784

	Notes	29 July 2012 £000	24 July 2011 £000
Assets			
Non-current assets			
Property, plant and equipment	**12**	**924,341**	881,271
Intangible assets	**13**	**16,936**	11,525
Deferred tax assets	**7**	**16,198**	15,569
Other non-current assets		**10,682**	10,520
Total non-current assets		**968,157**	918,885
Current assets			
Inventories		**20,975**	21,488
Other receivables		**18,685**	21,623
Assets held for sale		**2,055**	70
Cash and cash equivalents		**28,040**	27,690
Total current assets		**69,755**	70,871
Total assets		**1,037,912**	989,756
Liabilities			
Current liabilities			
Trade and other payables		**(207,114)**	(189,777)
Financial liabilities		**(5,880)**	(3,129)
Current income tax liabilities		**(9,103)**	(9,457)
Total current liabilities		**(222,097)**	(202,363)
Non-current liabilities			
Financial liabilities		**(484,771)**	(462,254)
Derivative financial instruments		**(66,029)**	(57,880)
Deferred tax liabilities	**7**	**(67,860)**	(71,448)
Other liabilities		**(27,511)**	(24,766)
Total non-current liabilities		**(646,171)**	(616,348)
Net assets		**169,644**	171,045
Shareholders' equity			
Ordinary shares		**2,521**	2,632
Share premium account		**143,294**	143,199
Capital redemption reserve		**1,910**	1,798
Hedging reserve		**(50,842)**	(43,410)
Retained earnings		**72,761**	66,826
Total shareholders' equity		**169,644**	171,045

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 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: loss taken to equity					3,511		**3,511**
Tax on items taken directly to equity	7				(2,100)	(366)	**(2,466)**
Total comprehensive income					1,411	46,426	**47,837**
Exercise of options		1	224				**225**
Repurchase of shares		(152)		152		(32,596)	**(32,596)**
Tax on repurchase of shares						(163)	**(163)**
Share-based payments						4,595	**4,595**
Purchase of shares held in trust						(5,773)	**(5,773)**
Tax on purchase of shares held in trust						(10)	**(10)**
Dividends	11					(5,211)	**(5,211)**
At 24 July 2011		**2,632**	**143,199**	**1,798**	**(43,410)**	**66,826**	**171,045**
Profit for the year						44,567	**44,567**
Interest-rate swaps: loss taken to equity					(8,149)		**(8,149)**
Tax on items taken directly to equity	7				717		**717**
Total comprehensive income					(7,432)	44,567	**37,135**
Exercise of options		1	95				**96**
Repurchase of shares		(112)		112		(22,598)	**(22,598)**
Tax on repurchase of shares						(113)	**(113)**
Share-based payments						5,379	**5,379**
Purchase of shares held in trust						(5,727)	**(5,727)**
Tax on purchase of shares held in trust						(29)	**(29)**
Dividends	11					(15,544)	**(15,544)**
At 29 July 2012		**2,521**	**143,294**	**1,910**	**(50,842)**	**72,761**	**169,644**

1 Authorisation of financial statements and statement of compliance with IFRSs

The preliminary announcement for the 53 week period ended 29 July 2012 has been prepared in accordance with the accounting policies as disclosed in J D Wetherspoon plc's Annual Report and Accounts 2011.

The annual financial information presented in this preliminary announcement for the 53 week period ended 29 July 2012 is based on, and is consistent with, that in the Company's audited financial statements for the 53 week period ended 29 July 2012, 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 24 July 2011 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 Revenue

Revenue disclosed in the income statement is analysed as follows:

	53 weeks ended 29 July 2012 £000	52 weeks ended 24 July 2011 £000
Sales of food, beverages, hotel rooms and machine income	**1,197,129**	1,072,014

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

This is stated after charging/(crediting):

	53 weeks ended 29 July 2012 £000	52 weeks ended 24 July 2011 £000
Concession rental payments	**14,831**	13,586
Operating lease payments	**53,230**	50,877
Repairs and maintenance	**44,575**	37,275
Rent receivable	**(540)**	(565)
Depreciation of property, plant and equipment (note 12)	**47,416**	42,866
Amortisation of intangible assets (note 13)	**1,423**	1,223
Amortisation of non-current assets (note 14)	**327**	306
Share-based charges (note 5)	**5,379**	4,595
Auditors' remuneration		
Audit services:		
– audit fees	**156**	150
– other services supplied pursuant to relevant legislation	**29**	28
– other services	**64**	105
Total auditors' fees	**249**	283

Analysis of continuing operations

	53 weeks ended 29 July 2012 £000	52 weeks ended 24 July 2011 £000
Revenue	**1,197,129**	1,072,014
Cost of sales	**(1,045,404)**	(927,045)
Gross profit	**151,725**	144,969
Administration costs	**(44,407)**	(42,660)
Operating profit before exceptional items	**107,318**	102,309
Exceptional items (note 4)	**(13,481)**	(5,389)
Operating profit after exceptional items	**93,837**	96,920

4 Exceptional items

In the table below, property impairment relates to situations where pubs are worth considerably less than the company paid for them, owing to a poor trading performance, so that they could not be sold or generate sufficient cash in the future to justify their book value.

Onerous leases relate to pubs where their trading profits do not cover the rent.

Property-related disposals and write-offs are in respect of the losses following the closure/disposal of three sites and write-off of redundant assets during the year.

	53 weeks ended 29 July 2012 £000	52 weeks ended 24 July 2011 £000
Property impairment	**7,823**	**4,410**
Onerous leases	**2,229**	**-**
Restructuring costs	**625**	**-**
Write-off of IT-related assets	**1,742**	**-**
Loss on disposal of property, plant and equipment	**1,062**	**979**
Operating exceptional items	**13,481**	**5,389**

During the year under review, an exceptional charge of £7,823,000 (2011: £4,410,000) relates to the impairment of property, plant and equipment, following a review of the company's assets, as required under IAS 36.

5 Employee benefits expense

	53 weeks ended 29 July 2012 £000	52 weeks ended 24 July 2011 £000
Wages and salaries	**305,156**	273,685
Social Security costs	**19,544**	18,609
Pension costs	**1,668**	1,668
Share-based charges	**5,379**	4,595
	331,747	298,557

The totals below relate to the average number of employees during the year, not the total number of employees at the end of the year.

	2012 Number	2011 Number
Full-time equivalents		
Managerial/administration	**3,584**	3,454
Hourly paid staff	**10,819**	9,557
	14,403	13,011

	2012 Number	2011 Number
Total employees		
Managerial/administration	**3,953**	3,828
Hourly paid staff	**22,912**	20,239
	26,865	24,067

Directors' emoluments

	2012 £000	2011 £000
Aggregate emoluments (excluding share-based payments)	**1,544**	1,478
Contributions to a defined contribution scheme	**101**	95
	1,645	1,573

Retirement benefits are accruing to 3 (2011: 3) directors, under a defined contribution scheme.

6 Finance income and costs

	53 weeks ended 29 July 2012 £000	52 weeks ended 24 July 2011 £000
Finance costs		
Interest payable on bank loans and overdrafts	**32,826**	**33,143**
Amortisation of bank loan issue costs	**1,709**	**1,948**
Interest payable on obligations under finance leases	**475**	**473**
Total finance costs	**35,010**	**35,564**
Bank interest receivable	**(55)**	**(36)**
Total finance income	**(55)**	**(36)**
Total net finance costs	**34,955**	**35,528**

	53 weeks ended 29 July 2012 £000	52 weeks ended 24 July 2011 £000
Analysis of finance income and costs in categories in accordance with IAS 39		
Loans and receivables	**(55)**	(36)
Financial liabilities carried at amortised cost	**15,996**	16,136
Financial derivatives	**18,475**	18,751
Other financial expenses	**539**	677
Total net finance cost	**34,955**	35,528

7 Income tax expense

(a) Tax on profit on ordinary activities

Tax charged in the income statement

The standard rate of corporation tax in the UK changed from 26% to 24% with effect from 1 April 2012. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 25.3% (2011: 27.3%).

	53 weeks ended 29 July 2012 Before exceptional items £000	**53 weeks ended 29 July 2012 After exceptional items £000**	52 weeks ended 24 July 2011 Before exceptional items £000	52 weeks ended 24 July 2011 After exceptional items £000
Current income tax:				
Current income tax charge	**18,538**	**17,815**	19,169	19,169
Total current income tax	**18,538**	**17,815**	19,169	19,169
Deferred tax:				
Origination and reversal of temporary differences	**2,127**	**2,127**	980	980
Impact of change in UK tax rate	**(5,627)**	**(5,627)**	(5,549)	(5,549)
Total deferred tax	**(3,500)**	**(3,500)**	(4,569)	(4,569)
Tax charge in the income statement	**15,038**	**14,315**	14,600	14,600
Tax relating to items charged or credited to other comprehensive income				
Deferred tax:				
Tax (credit)/charge on interest-rate swaps	**(717)**	**(717)**	2,100	2,100
Tax (credit) charge in the statement of comprehensive income	**(717)**	**(717)**	2,100	2,100

8 Earnings and cash flow per share

Basic earnings per share have been calculated by dividing the profit attributable to equity holders of £44,567,000 (2011: £46,792,000) by the weighted average number of shares in issue during the year of 125,079,021 (2011: 132,019,936).

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

Earnings before exceptional items per share have been calculated before items detailed in note 3 and take account of 6,227 (2011: 23,250) potential dilutive shares under option during the year, giving a weighted average number of ordinary shares adjusted for the effect of dilution of 125,085,248 (2011: 132,043,186).

Adjusted earnings exclude an adjustment in respect of the corporation tax-rate change of £5,627,000 (2011: £5,549,000) and exceptional items.

Earnings per share	**53 weeks ended 29 July 2012 £000**	52 weeks ended 24 July 2011 £000
Earnings (profit after tax)	**44,567**	46,792
Exclude one-off tax benefit (rate change)	**(5,627)**	(5,549)
Adjusted earnings after exceptional items	**38,940**	41,243
Exclude effect of exceptional items net of tax	**12,758**	5,389
Adjusted earnings before exceptional items	**51,698**	46,632
Basic EPS/diluted EPS	**35.6p**	35.4p
Adjusted earnings before exceptional items	**41.3p**	35.3p
Adjusted earnings after exceptional items	**31.1p**	31.2p

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.

Free cash flow per share	**53 weeks ended 29 July 2012**	52 weeks ended 24 July 2011
Free cash flow (£000)	**91,542**	**78,818**
Free cash flow per share (p)	**73.2**	**59.7**

9 Cash generated from operations

	53 weeks ended 29 July 2012 £000	52 weeks ended 24 July 2011 £000
Profit before taxation	**44,567**	46,792
Adjusted for:		
Tax	**14,315**	14,600
Impairment charge	**7,823**	4,410
Onerous lease provision	**2,229**	-
Loss on disposal of property, plant and equipment	**2,804**	979
Amortisation of intangible assets	**1,423**	1,223
Depreciation of property, plant and equipment	**47,416**	42,866
Lease premium amortisation	**327**	306
Share-based charges	**5,379**	4,595
Interest receivable	**(55)**	(36)
Amortisation of bank loan issue costs	**1,709**	1,948
Interest payable	**33,301**	33,616
	161,238	151,299
Change in inventories	**514**	(1,577)
Change in receivables	**2,598**	(1,896)
Change in payables	**32,383**	30,371
Net cash inflow from operating activities	**196,733**	178,197

10 Analysis of changes in net debt

	At 24 July 2011 £000	Cash flows £000	Non-cash movement £000	**At 29 July 2012 £000**
Cash on hand	27,690	350	-	**28,040**
Debt due after one year	(457,522)	(15,328)	(1,709)	**(474,559)**
Bank borrowing	(429,832)	(14,978)	(1,709)	**(446,519)**
Finance lease creditor – due less than one year	(3,129)	4,373	(7,124)	**(5,880)**
Finance lease creditor – due after one year	(4,732)	(10,474)	4,994	**(10,212)**
Net borrowings	(437,693)	(21,079)	(3,839)	**(462,611)**
Derivative – interest-rate swaps	(57,880)	-	(8,149)	**(66,029)**
Net debt	(495,573)	(21,079)	(11,988)	**(528,640)**

11 Dividends paid and proposed

	53 weeks ended 29 July 2012 £000	52 weeks ended 24 July 2011 £000
Declared and paid during the year:		
Dividends on ordinary shares:		
– Final for 2010/11: 8.0p (2009/10: 0.0p)	**10,475**	-
– interim for 2011/12: 4.0p (2010/11: 4.0p)	**5,069**	5,211
Dividends paid	**15,544**	5,211
Proposed for approval by shareholders at the AGM:		
– final dividend for 2011/12: 8.0p (2010/11: 8.0p)	**10,006**	10,402

As detailed in the interim accounts, the board declared and paid an interim dividend of 4.0p for the financial year ended 29 July 2012.

12 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 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
Additions	8,102	6,302	26,083	61,652	102,139
Transfers	34,903	19,395	14,881	(69,179)	-
Transfer to/from assets held for sale	(4,001)	(895)	(952)	611	(5,237)
Disposals	-	(2,355)	(6,245)	(633)	(9,233)
Reclassification	4,309	(3,809)	-	-	500
At 29 July 2012	**668,059**	**410,089**	**389,730**	**15,556**	**1,483,434**
Accumulated depreciation and impairment:					
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
Provided during the period	11,201	12,582	23,633	-	47,416
Impairment loss	7,317	715	(209)	-	7,823
Disposals	-	(1,725)	(5,660)	-	(7,385)
Transfer to/from assets held for sale	(2,748)	(315)	(660)	541	(3,182)
Reclassification	906	(479)	-	-	427
At 29 July 2012	**119,982**	**167,294**	**270,876**	**941**	**559,093**
Net book amount at 29 July 2012	**548,077**	**242,795**	**118,854**	**14,615**	**924,341**
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

Impairment of property, plant and equipment

In assessing whether a pub has been impaired, the book value of the pub is compared with its anticipated future profit.

If the value, based on future anticipated profit, is lower than the book value, the difference is written off as a property impairment.

For the year under review, the company projected cash flows for the pubs under review for the 52 weeks to July 2013, with certain assumptions about sales, costs and profit, using a pre-tax discount rate for future years of 10% (2011: 10%).

As a result of this exercise, an impairment loss of £7,823,000 (2011: £4,410,000) 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 pub, could cause the carrying value of the pub to exceed its recoverable amount, but that the change would be immaterial.

13 Intangible assets

	IT software costs £000
Cost:	
At 25 July 2010	16,987
Additions	6,049
Disposals	(49)
At 24 July 2011	22,987
Additions	8,647
Disposals	(2,021)
At 29 July 2012	**29,613**
Accumulated amortisation	
At 25 July 2010	10,287
Amortisation during the period	1,223
Disposals	(48)
At 24 July 2011	11,462
Amortisation during the period	1,423
Disposals	(208)
At 29 July 2012	**12,677**
Net book amount at 29 July 2012	**16,936**
Net book amount at 24 July 2011	11,525
Net book amount at 25 July 2010	6,700

Amortisation of £1,423,000 (2011: £1,223,000) is included in operating costs in the income statement.

The majority of intangible assets relates to computer software and development.

Included within the intangible assets is £10,575,000 of assets in the course of development (2011: £5,819,000).

14 Other non-current assets

These assets relate to lease premiums whereby the company has paid a tenant a sum of money to take over the benefit of a lease.

	Lease premiums £000
Cost:	
At 25 July 2010	13,163
Additions	825
At 24 July 2011	**13,988**
Additions	489
Reclassification	(500)
At 29 July 2012	**13,977**
Accumulated amortisation	
At 25 July 2010	3,162
Amortisation during the period	306
At 24 July 2011	3,468
Amortisation during the period	327
Transfer to/from assets held for sale	(73)
Reclassification	(427)
At 29 July 2012	**3,295**
Net book amount at 29 July 2012	**10,682**
Net book amount at 24 July 2011	10,520
Net book amount at 25 July 2010	10,001