29 May 2008

PRELIMINARY RESULTS
For the 52 weeks ended 29 March 2008

Financial highlights

Revenue	£122.1M	+6.6%
EBITDA*	£32.3M	+40.9%
Operating profit before exceptional items	£20.9M	+35.5%
Profit before tax	£10.8M	+23.8%
Adjusted profit before tax*	£18.6M	+54.7%
Basic earnings per share	13.67p	+32.1%
Adjusted basic earnings per share*	26.28p	+50.3%
Dividend per share (interim + recommended final)	12.50p	+33.8%

All of the results above are on continuing operations.

* Throughout this document the definition of "adjusted" refers to adjustments made to take account of exceptional items, premium paid on redemption of debenture and the discount of site proceeds.

Earnings and dividends per share reflect the effect of the 4 for 1 share split that took place in February 2008.

Operational highlights

- Strong performance in very testing market conditions;
- Total managed house revenue +8.1%, with operating profit +19.7%;
- Like for like managed house revenue +4.7% on same outlet basis;
- Food sales growth +16.0%;
- Nine pubs acquired and developed for £26.6 million and a further £9.4 million invested on existing pubs;
- Wells & Young's trading in line with expectations.

Stephen Goodyear, Chief Executive of Young's, commented:

"We have delivered a strong set of results against very testing market conditions. Revenue from continuing operations was up 6.6%, adjusted profits before tax up 54.7% and adjusted earnings per share up 50.3% to 26.28p.

"This is our first full year's trading since the major reorganisation and, given the current market conditions, the sale of the brewery looks well timed. The proceeds from the sale have been invested in pub acquisitions and re-developments for the long term benefit of the business and our shareholders.

"Whilst the short term pressures facing the business and the wider UK economy are likely to continue to be challenging, we believe that we are in a strong position to meet them. Trading in our pubs in the first eight weeks of the new financial year has been resilient with managed house sales up 3.4% and up 1.6% on a same outlet like for like basis. We believe that this is a very creditable performance as we are up against very strong comparators from the exceptional weather we enjoyed in April last year.

"Young's has a well invested estate, great pubs in great locations and a strong balance sheet. Young's is a long term business having traded for over 175 years and offers defensive qualities for investors in times of uncertainty – and a welcome respite for customers.

"With comparisons easing as we move into the summer months and the anniversary of the smoking ban, we are confident that Young's will continue to make progress in the year ahead."

For further information, please contact:

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We have delivered a strong set of results against very testing market conditions. This is our first full year's trading since the major reorganisation and, given the current market conditions, the sale of the brewery looks well timed. The proceeds from the sale have been invested in pub acquisitions and re-developments for the long term benefit of the business and of our shareholders.

Our strategy remains focused on maintaining our premium position within the pub sector and, in today's turbulent market conditions, we are even more convinced that the style, quality and individuality of all our pubs are the key ingredients of our success.

The benefits of this strategy are evident in the results and helped us meet the challenges that have faced our industry over the past year. Revenue from continuing operations was up 6.6%, adjusted profits before tax up 54.7% and adjusted earnings per share up 50.3% to 26.28p.

Reflecting this performance the Board is recommending a 34% increase in the final dividend to 6.50p per share, making 12.50p for the year as a whole. Dividend cover based on the interim and recommended final and adjusted earnings per share remains strong at 2.1 times, even following the doubling of the dividend over last two years. The final dividend is expected to be paid on 17 July 2008 to shareholders on the register at the close of business on 20 June 2008.

Profit before tax on continuing operations was £10.8 million, 23.8% up on last year.

Retail operations

We have continued to invest in high quality pub design, ambience, food and training and widened our drinks offering to provide a more diverse range of leading premium brands. These factors, coupled with market leading service standards, give our pubs the look and feel of some of the very best run independent free houses.

Managed pubs

Revenue was up 8.1% to £106.6 million and operating profit was up 19.7% to £26.8 million. Robust organic growth, with like for like revenue up 4.7% on a same outlet basis (1.2% on an uninvested basis), combined with last year's acquisitions, has driven this year's performance. The industry has been faced with a number of challenges: the inclement summer, the smoking ban and the consumer slow down, especially in the second half, compounded by significant inflationary pressures. Nonetheless we increased sales and gross margins whilst maintaining a tight control of overheads especially in the tough second half. We believe we have responded well to this year's challenges and this is borne out by the fact that our average EBITDA per pub on a same outlet basis before rent (pubs that traded throughout this year and last) increased 9.3%.

Increased food sales have played a significant role in our performance, with sales up 16.0%. Food now represents 25.4% of revenue, up 1.8 percentage points. Continued emphasis on food is an integral part of our strategy to keep Young's at the premium end of the pub market and helped combat the effects of the smoking ban. We believe our menus are some of the most varied and exciting in the sector, with an emphasis on provenance, locally produced foods and healthy ingredients. Our eggs are now free range and we recycle our waste vegetable oil into bio-fuel. In January 2008 we launched our AAA award scheme, sponsored by the British Food Trust, which will provide additional training for our chefs to achieve industry recognised qualifications.

Stylish lager brands have been added to complement a first class ale portfolio during the course of the year to match consumers' expectations of a market leading operator. Heineken, Amstel and Pilsner Urquell now complement our existing portfolio of Foster's, Kronenbourg and Peroni. On soft drinks, the introduction of Fentiman's and Feelgood premium soft drinks has enhanced choice within this growing sector of the market. The presentation of drinks is also an essential part of our offer, with all premium brands being presented in the appropriate branded glassware.

We place great emphasis on the ambience of our pubs, preserving the character of the property, but with a modern, fresh feel. A further £9.4 million was invested in the existing estate. Pubs that have now completed their first twelve months post major development have generated an incremental return on expansionary capital of 28.6%. Major works were completed in the year at the Albert in Kingston, the Bell in Fetcham, the Brewers Inn in Wandsworth, the Bunch of Grapes at London Bridge, the Chequers in Walton on the Hill, the Clock House in Peckham Rye, the Devonshire in Balham, the Flask in Hampstead, the Greyhound in Carshalton, the Halfway House in Earlsfield, the King's Arms in Fulham, the Spotted Horse in Putney and the Swan in Walton on Thames.

We are now just over half way through our five year investment plan to refurbish and upgrade all our 351 hotel rooms to a high quality standard. Refurbishment was carried out in 67 rooms in the year and this helped drive RevPar (average room rate achieved multiplied by occupancy percentage) up 4.7% to £42.04.

Acquisitions remain a key part of our long term growth strategy and we invested £26.6 million in the year. The Rose & Crown in Farnborough Kent opened in the first half and a further seven pubs were acquired and commenced trading in the last quarter: the Cock & Hen in Fulham, the Mitre in Lancaster Gate, the Porchester in Westbourne Grove, the Stinging Nettle in Shepherds Bush (formerly the Bushranger), the Marlborough in Richmond, the Albion in Blackfriars (formerly an O'Neills) and the Seven Stars in Brighton (formerly an O'Neills). In addition we acquired and developed the Beaufort in Hendon, which has recently started trading, and bought a property alongside our iconic pub, the Alma in Wandsworth. Whilst prices at the quality end of the market, particularly in our target trading areas of London and the South East, remain high, we believe that competition for new pubs is easing somewhat.

We continued to invest in technology in support of our pubs, with 73 pubs now hosting their own websites and wifi available in 50 outlets. The use of the internet and e-marketing to attract and retain customers is an increasingly important part of our marketing effort and is being increasingly used to promote our message and drive customer visits. We have established internet room booking at our hotels and have been experimenting with online table reservations, both of which have received a positive response from customers.

Customer service is a key point of differentiation for Young's and we have doubled the number of training hours completed in the year. It is very pleasing to report that all of our managed pubs are now exceeding our targeted 90% customer service ratings from our independently managed "mystery customer" programme, with the Alma in Wandsworth achieving an outstanding 100% rating in all four visits during the year.

At the year end we had 116 pubs trading within our managed division (2007:114) of which 95 are freehold.

Tenanted

The tenanted and leased division is where the smoking ban, difficult summer and consumer slow down have had the severest impact. Revenue was up just under 1% despite like for like declines of about 2.0% on a same outlet and uninvested basis. This was a resilient performance in the context of the difficult market, but reflects a 3.8% decline in wet sales trade in our same outlet tenancies. Despite these challenging trading conditions, operating profit increased 14.6% to £6.0 million; the whole year benefiting from the Wells & Young's supply terms whilst the comparable year had only six months of this advantage.

We invested £1.9 million in support of our tenants, including upgrading a number of our tenanted pubs to the levels of our managed ones and providing smoking solutions. £0.8 million was invested in major projects at the Black Lion in Surbiton, the Castle in Battersea, the Half Moon in Putney, O'Connors in Chelmsford, the Old Sergeant in Wandsworth, the Prince of Wales in Tooting, the Red Cow in Richmond and the Thatched House in Hammersmith. We intend to continue to support our tenants and maintain our programme of investments in high returning projects.

We extended our "mystery customer" programme into the tenanted estate during the year with very encouraging results, demonstrating the quality of our tenants. Average scores exceeded 90%.

Throughout the year we reviewed the balance of the estate between managed and tenanted to ensure that we are adopting the most beneficial format. As a result, we transferred five pubs from managed to tenancy in the year and moved a further pub to a long lease, bringing the total number of leases to six.

The total number of tenancies and leases at the year end was 103 (2007:102) of which 88 are freehold.

Wells & Young's Brewing Company

Wells & Young's contributed £1.7 million to Young's adjusted profits before tax, in line with our expectations. This was achieved despite the challenging trading environment, with higher raw material and utility costs compounded by the poor summer weather.

Wells & Young's has one of the leading cask ale portfolios in the UK with the Bombardier, Young's and Courage brands which are being well received by customers. The challenge in the years ahead is to increase the penetration of these brands and drive volumes to maximise the efficiency benefits offered by the modern Bedford brewery.

At the formation of Wells & Young's the business took on all of the individual brands of the two businesses at values determined at the time of the merger. Since this time it has also acquired the Courage brands and has focused its attention and marketing spend on its market leading cask ale portfolio. One consequence of this is that two non-core, high alcohol lager brands have seen a market decline; Wells & Young's has taken an impairment provision against these. This is a non-cash item, but we are required to show our 40% share of this impairment (£2.9m) as an exceptional item in the associate's line of our income statement.

Investment and finance

Our benchmark adjusted profit on continuing operations before tax was up 54.7% at £18.6 million which resulted in adjusted earnings per share of 26.28p (up 50.3%). The adjustments made were to take account of an operating exceptional profit of £0.7 million, a £3.8 million exceptional cost within Wells & Young's, a £6.8 million premium paid on the redemption of our high coupon debenture and the £2.1 million discount of site proceeds. The discount of site proceeds reversed last year's adjustment to account for the deferred consideration on the sale of the brewery and Buckhold Road sites, following receipt of the final balance in January this year. The profit before tax on continuing operations after exceptional items was up 23.8% at £10.8 million.

We invested a total of £38.1 million in our business in the year, including £26.6 million on eight new managed pubs and two other sites, one of which has started to trade post year end. This brings the total investment in the business over the past two years to £84.8 million, representing more than the proceeds from the disposal of the brewery and Buckhold Road sites. By reinvesting the proceeds, any capital gains tax payable on the profit on the sales of these sites has been minimised.

During the course of the year, we disposed of five sites. Of these, four were difficult leases and businesses with high fixed costs, where the rewards each year did not match the risks. In addition we sold our freehold interest in the Plough at Clapham Junction for development, but have retained an interest in this site and will own a unit on a peppercorn rent on a lease of 999 years when the development is complete.

At the start of the year, we redeemed a high coupon debenture which resulted in exceptional finance costs of £6.8 million. The redemption of this debenture considerably improved the group's financial flexibility. At the end of the year we worked closely with our partners at the Royal Bank of Scotland to put into place new £90 million committed banking facilities. This is a blend of £50 million long term (10 to 15 year) and £40 million medium term (5 year) finance. £35 million of the longer dated finance is fixed at a rate of just over 6%; the remaining debt is at a variable rate based on LIBOR.

Our operations continue to be highly cash generative and increasingly so with EBITDA up 40.9% at £32.3 million. At the year end our net debt was £50 million, with interest cover of 4 times and net debt to EBITDA of 1.5 times based on adjusted profits. Gearing at the year end was 29.0% based on the reported net book value, which is based on 1997 valuations. The directors are of the opinion (based largely on a Fleurets valuation carried out in November 2006 which at the time showed a £173.8 million uplift) that the market value of the group's properties is significantly higher than their carrying value. Young's has a strong and flexible balance sheet which provides substantial headroom for funding further pub acquisitions. With the more challenging market outlook, we believe that the competition for pub acquisitions will ease over the coming months/years, although prices in our target trading area of London and the South East are proving quite resilient at present. We are well placed to benefit from such opportunities that arise.

In February 2008 shareholders approved a proposal to implement a four for one share split of both the A shares and the non-voting shares. As a consequence, the company's share capital now comprises 29,064,000 A shares of 12.5p each and 19,160,000 non-voting shares of 12.5p each.

Our move to a new head office in Wandsworth at the start of the year has produced the expected cost savings and operating benefits that we had targeted. We believe we now have an infrastructure and talented management team in place that can manage future growth and impact on group overheads as we expand the pub estate.

Current trading and outlook

Trading in our pubs in the first eight weeks of the new financial year has been resilient with managed house sales up 3.4% and up 1.6% on a same outlet like for like basis. We believe that this is a very creditable performance as we are up against very strong comparators from the exceptional weather we enjoyed in April last year.

Since the year-end, we completed the purchase of Simple Simons in Canterbury and the George in Fulham. The George will open later this year, following a major refurbishment.

Young's has a well invested estate, great pubs in great locations and a strong balance sheet. Young's is a long term business having traded for over 175 years and offers defensive qualities for investors in times of uncertainty – and a welcome respite for customers.

Whilst the short term pressures facing the business and the wider UK economy are likely to continue to be challenging, we believe that we are in a strong position to meet them. With comparisons easing as we move into the summer months and the anniversary of the smoking ban, we are confident that Young's will continue to make progress in the year ahead.

Group income statement
For the 52 weeks ended 29 March 2008

	2008 £000	2007 £000
Continuing operations		
Revenue	122,124	114,602
Operating costs before exceptional items	(101,266)	(99,214)
Operating profit before exceptional items	20,858	15,388
Operating exceptional items (note 5)	728	(1,153)
Operating profit	21,586	14,235
Share of associate's profit before exceptional items and tax	1,718	83
Share of associate's operating exceptional items (note 5)	(3,832)	–
Share of associate's tax (expense)/credit (note 6)	(26)	21
Share of post tax result of associate	(2,140)	104
Profit before interest	19,446	14,339
Finance costs	(5,820)	(5,650)
Finance revenue	563	466
Premium paid on redemption of debenture (note 8)	(6,817)	–
Discount of site proceeds	2,161	(2,161)
Other finance income	1,269	1,731
Profit before tax	10,802	8,725
Taxation (note 6)	(4,329)	(3,919)
Profit from continuing operations	6,473	4,806
Profit from discontinued operation (note 3)	3,105	34,717
Profit for the year	9,578	39,523

Earnings per 12.5p ordinary share from continuing operations (note 7)

	Pence	Pence
Basic	13.67	10.35
Diluted	13.62	10.14
Adjusted basic	26.28	17.49
Adjusted diluted	26.19	17.13

Earnings per 12.5p ordinary share from continuing and discontinued operations (note 7)

	Pence	Pence
Basic	20.22	85.14
Diluted	20.15	83.39

The comparative figures have been restated for the effects of IFRS and for the four for one split.

Group balance sheet
At 29 March 2008

	2008 £000	2007 £000
Non current assets		
Property, plant and equipment	251,284	223,425
Prepaid operating lease premiums	5,996	5,918
Investment in associate	19,751	22,458
Other financial asset	600	-
Derivative financial instruments	-	179
Retirement benefit schemes	-	955
	277,631	252,935
Current assets		
Prepaid operating lease premiums	92	92
Assets classified as held for sale	1,215	348
Inventories	1,511	1,431
Receivable from site disposal	-	66,839
Trade and other receivables	4,796	4,697
Income tax receivable	2,498	-
Cash	349	999
	10,461	74,406
Total assets	288,092	327,341
Current liabilities		
Borrowings	(1)	(58,185)
Trade and other payables	(30,542)	(21,212)
Income tax payable	-	(2,171)
	(30,543)	(81,568)
Non current liabilities		
Borrowings	(50,315)	(44,295)
Derivative financial instruments	(511)	-
Provisions	-	(2,171)
Deferred tax	(29,207)	(26,898)
Retirement benefit schemes	(5,088)	-
	(85,121)	(73,364)
Total liabilities	(115,664)	(154,932)
Net assets	172,428	172,409
Capital and reserves		
Share capital	6,028	6,028
Share premium	1,274	1,274
Other reserves	1,578	2,071
Investment in own shares	(139)	(2,123)
Retained earnings	163,687	165,159
Total equity	172,428	172,409

The comparative figures have been restated for the effects of IFRS.

Group cash flow statement

For the 52 weeks ended 29 March 2008

	2008 £000	2007 £000
Operating activities		
Cash generated from operations (note 10)	36,909	27,821
Interest received	1,026	3
Taxes paid	-	(2,706)
Net cash flow from operating activities	37,935	25,118
Investing activities		
Sale of brewery and Buckhold Road sites	69,000	–
Sales of other property, plant and equipment	3,750	468
Purchases of property, plant and equipment	(37,734)	(46,240)
Prepayments of operating lease premiums	(321)	(515)
Investment in associate	-	(10,000)
Restructuring costs	(4,998)	(6,896)
Net cash generated from / (used in) investing activities	29,697	(63,183)
Financing activities		
Interest paid	(5,992)	(5,622)
Premium paid on redemption of debenture	(6,817)	–
Equity dividends paid	(5,147)	(3,589)
Proceeds from exercise of share options in the employee benefit trust	1,838	535
(Decrease)/increase in borrowings	(52,158)	47,851
Repayment of finance leases	(6)	(17)
Net cash (used in) / generated from financing activities	(68,282)	39,158
(Decrease)/increase in cash	(650)	1,093
Cash at the beginning of the year	999	(94)
Cash at the end of the year	349	999

Analysis of net debt

At 29 March 2008

	2008 £000	2007 £000
Cash	349	999
Loan capital and finance leases	(50,316)	(102,480)
Net debt	(49,967)	(101,481)

The comparative figures have been reclassified for the effects of IFRS.

Group statement of recognised income and expense
For the 52 weeks ended 29 March 2008

	2008 £000	2007 £000
Income and expense recognised directly in equity		
Actuarial (loss)/gain on retirement benefit schemes	(8,728)	3,539
Deferred tax on actuarial loss/(gain)	2,618	(1,062)
Current tax on share based payments	1,731	659
Deferred tax on share based payments	(2,134)	355
Deferred tax on revalued properties:		
- indexation movement	422	559
Hedging reserve		
- fair value movement of interest rate swap	(690)	629
- deferred tax on fair value movement of interest rate swap	207	(189)
Associate's actuarial loss (net of deferred tax) on retirement benefit schemes	(568)	-
Associate's fair value movement (net of deferred tax) of interest rate swap	(59)	-
Adjustment in deferred tax rate from 30% to 28%	161	-
	(7,040)	4,490
Profit for the year	9,578	39,523
Total recognised income and expense for the year	2,538	44,013

The comparative figures have been restated for the effects of IFRS.

Notes to the accounts

(1) Accounts

This preliminary announcement was approved by the board on 28 May 2008. It does not constitute the statutory financial statements of the group within the meaning of s.240 of the Companies Act 1985. The statutory financial statements for the year ended 31 March 2007 have been delivered to the Registrar of Companies. The auditors have reported on those financial statements (and on the statutory financial statements for the year ended 29 March 2008, which are expected to be delivered to the Registrar of Companies shortly). Both audit reports were unqualified and did not contain any statement under s.237 of the Companies Act 1985.

This preliminary announcement has been agreed with the company's auditors for release.

The audited financial information in this statement has been prepared in accordance with applicable accounting standards. The accounting policies used have been consistently applied and are described in full in the statutory financial statements for the year ended 29 March 2008, which are expected to be mailed to shareholders on or before 11 June 2008. The financial statements will also be available on the group's website www.youngs.co.uk.

This is the first year in which the group has prepared its financial statements under International Financial Reporting Standards ("IFRS"), and the comparatives have been restated from UK Generally Accepted Accounting Policies ("UK GAAP") to comply with IFRS. The group published restated IFRS accounts for 2007, together with the group's opening IFRS balance sheet as at 2 April 2006, and reconciliations between UK GAAP and IFRS, on its website, on 14 November 2007. On the same day, the group also published on its website a summary of significant accounting policies under IFRS.

(2) Segmental reporting

2008

	Continuing operations				Discontinued Operation	
	Managed estate	Tenanted estate	Unallocated	Total		Total
	£000	£000	£000	£000	£000	£000
Income statement						
Segment revenue	106,630	14,818	676	122,124	-	122,124
Operating profit before exceptional items	26,846	5,975	(11,963)	20,858	-	20,858
Share of associate's profit before exceptional items and tax	-	-	1,718	1,718	-	1,718
Segment result	26,846	5,975	(10,245)	22,576	-	22,576
Finance costs				(5,820)	-	(5,820)
Finance revenue				563	-	563
Other finance income				1,269	-	1,269
Adjusted profit before tax				18,588	-	18,588
Net assets	200,935	50,268	(78,775)	172,428	-	172,428

	Continuing operations				Discontinued operation	2007
	Managed estate	Tenanted estate	Unallocated	Total		Total
	£000	£000	£000	£000	£000	£000
Income statement						
Revenue	98,648	14,698	1,256	114,602	17,034	131,636
Less sales to other segments	-	-	-	-	(10,533)	(10,533)
Segment revenue	98,648	14,698	1,256	114,602	6,501	121,103
Operating profit before exceptional items	22,427	5,214	(12,253)	15,388	36	15,424
Share of associate's profit before exceptional items and tax	-	-	83	83	-	83
Segment result	22,427	5,214	(12,170)	15,471	36	15,507
Finance costs				(5,650)	-	(5,650)
Finance revenue				466	-	466
Other finance income				1,731	-	1,731
Adjusted profit before tax				12,018	36	12,054
Net assets	175,211	48,201	(51,003)	172,409	-	172,409

(3) Discontinued operation

On 23 May 2006, the group announced, in conjunction with Charles Wells Limited, the establishment of a new company called Wells & Young's Brewing Company Limited. In exchange for various assets, the group acquired a 40% share of Wells & Young's. All brewing operations, beer brands and wholesale operations were transferred to the new company.

On 3 August 2006, the group announced the disposal of the Ram Brewery site and nearby Buckhold Road office and warehouse space in Wandsworth for a total cash consideration of £69 million.

The group's brewing, beer brands and wholesale operations have been treated as a discontinued operation in the current and prior year.

The interest in Wells & Young's was deemed to be an associate and accordingly is equity accounted into the group results. As such the relevant proportion of the profit and also any relevant operational transaction balances are all included as part of continuing operations.

Intra-group sales shown below represent sales made by the brewing and wholesale operations to the pub division, both prior to and during the transfer of these operations to Well's & Young's.

Restructuring costs have been incurred in both years, which represent the costs associated with redundancy, the site decommissioning and advisory fees related to the disposal of the brewery, and the transfer of the wholesale operations to Wells & Young's.

The table below shows the results of the discontinued operation included in the income statement of the group:

	2008 £000	2007 £000
Sales to external customers	-	6,501
Intra-group sales	-	10,533
Total revenue	-	17,034
Operating costs before exceptional items	-	(16,998)
Operating profit	-	36
Non-operating exceptional items		
Restructuring costs	(579)	(9,016)
Profit on sale of Wandsworth sites	-	46,608
Gain on exchange of assets for interest in associate	-	11,205
(Loss) / profit before tax	(579)	48,833
Taxation (note 6)	3,684	(14,116)
Profit from discontinued operation	3,105	34,717

(4) Adjusted profit before tax and adjusted EBITDA*

	2008 £000	2007 £000
Profit before tax	10,802	8,725
Operating exceptional items	(728)	1,153
Associate’s exceptional items	3,832	-
Premium paid on redemption of debenture	6,817	–
Discount of site proceeds	(2,161)	2,161
Share of associate’s tax expense/(credit)	26	(21)
Adjusted profit before tax*	18,588	12,018
Depreciation of continuing operations – group	7,120	6,530
Depreciation – associate	1,528	679
Net finance costs – group	5,257	5,184
Net finance costs – associate	1,085	253
Other finance income	(1,269)	(1,731)
Adjusted EBITDA*	32,309	22,933

* Continuing operations before exceptional items, premium paid on redemption of debenture and discount of site proceeds.

Alternative performance measures have been provided as the board believes that they give a useful additional indication of underlying performance.

(5) Exceptional items

	2008 £000	2007 £000
(a) Operating exceptional items		
Profit/(loss) on sales of properties and investments	1,295	(444)
Impairment of properties	(1,378)	-
Capital gains tax on ESOP allocated shares	811	(509)
Property valuation costs	-	(200)
	728	(1,153)

(b) Associate's operating exceptional items		
Impairment of brands	(2,920)	-
Reorganisation costs	(912)	-
	(3,832)	-

Wells & Young's has been focusing its marketing effort on its market leading cask ale portfolio. As a consequence of this, two non-core, high alcohol lager brands have seen a market decline. A non-cash impairment of these brands has accordingly been recognised in the year.

(6) Tax (charge)/credit

	2008 £000	2007 £000
Income statement		
(i) Continuing operations		
Current tax		
Group excluding associate	(1,955)	(6,159)
Deferred tax		
Origination and reversal of temporary differences	(2,499)	2,240
Adjustment in deferred tax rate from 30% to 28%	897	-
Adjustment in respect of prior periods	(772)	-
	(2,374)	2,240
Tax charge in income statement on continuing operations	(4,329)	(3,919)
(ii) Discontinued operations		
Current tax	29	1,941
Adjustment in respect of prior years	4,864	-
Total current tax	4,893	1,941
Deferred tax		
Deferred tax	-	(16,057)
Adjustment in deferred tax rate from 30% to 28%	1,029	-
Adjustment in respect of prior years	(2,238)	-
Total deferred tax	(1,209)	(16,057)
Tax credit/(charge) in income statement on discontinued operation	3,684	(14,116)
(iii) Associate's deferred tax	(26)	21
Total tax charge in the income statement	(671)	(18,014)

(7) Earnings per 12.5p ordinary share

(a) Earnings

	2008 £000	2007 £000
Profit from continuing operations	6,473	4,806
Profit from discontinued operation	3,105	34,717
Profit attributable to equity holders of the parent	9,578	39,523
Profit from continuing operations	6,473	4,806
Operating exceptional items, net of tax	(197)	1,153
Associate's exceptional items, net of tax	3,559	–
Premium paid on redemption of debenture, net of tax	4,772	–
Discount of site proceeds	(2,161)	2,161
Adjusted earnings after tax from continuing operations	12,446	8,120

	Number	Number
Weighted average number of ordinary shares in issue	47,365,212	46,421,800
Add: the notional exercise of the weighted average number of ordinary share options outstanding during the year	161,029	972,632
Diluted weighted average number of ordinary shares in issue	47,526,241	47,394,432

(b) Basic earnings per share

	Pence	Pence
Basic from continuing operations	13.67	10.35
Effect of exceptional items, premium paid on redemption of debenture and discount of site proceeds	12.61	7.14
Adjusted from continuing operations	26.28	17.49
Basic from continuing operations	13.67	10.35
Basic from discontinued operation	6.55	74.79
Basic	20.22	85.14

(c) Diluted earnings per share

	Pence	Pence
Diluted from continuing operations	13.62	10.14
Effect of exceptional items, premium paid on redemption of debenture and discount of site proceeds	12.57	6.99
Adjusted diluted from continuing operations	26.19	17.13
Diluted from continuing operations	13.62	10.14
Diluted from discontinued operation	6.53	73.25
Diluted	20.15	83.39

The comparative figures have been restated to show the effect of a four for one split. The weighted average number of shares in issue takes into account the group's investment in its own shares. Adjusted earnings per share and adjusted diluted earnings per share are presented to eliminate the effect of the exceptional items on basic and diluted earnings per share.

(8) Premium paid on redemption of debenture

The 9.5% debenture stock, repayable at par on 14 September 2018, and secured by a floating charge over the company's assets and undertaking, was redeemed in advance on 21 May 2007. As a result of this repayment, the group has recognised a loss before tax of £6,817,000 in the income statement in the period.

(9) Ordinary dividends on equity shares

	2008 Pence	2007 Pence
Final dividend (previous year)	4.84	3.23
Interim dividend (current year)	6.00	4.50
	10.84	7.73

The comparative figures have been restated for the effect of the four for one share split. The directors are proposing a final dividend in respect of the financial year ended 29 March 2008 of 6.50p per share which will amount to an estimated total of £3.1 million. If approved, it is expected to be paid on 17 July 2008 to shareholders who are on the register of members at the close of business on 20 June 2008. The trustee of the Ram Brewery Trust has waived its rights in respect of the dividends on the shares held in the trust on behalf of the executive share option schemes.

(10) Net cash generated from operations

	2008 £000	2007 £000
Operating profit on continuing and discontinued operations	21,586	14,271
Depreciation	7,120	7,665
Impairment of property	1,378	
Profit on sales of properties	(1,295)	(46,164)
Difference between pension service costs and cash contributions paid	(1,283)	(246)
Allocation of shares to employees	749	744
Provision for capital gains tax on ESOP allocated shares	(811)	509
Share based payments	-	90
Movements in working capital		
Inventories	(99)	2,716
Receivables	(1,661)	49,093
Payables	11,225	(857)
Net cash generated from operations	36,909	27,821

(11) Statement of changes in equity

	2008 £000	2007 £000
Total recognised income and expense for the year	2,538	44,013
Dividends paid on equity shares	(5,147)	(3,589)
Allocation of shares to employees	2,587	1,279
Share based payments:		
Movement for the year	-	90
Associate	41	-
Deferred tax on movement	-	(27)
	19	41,766
Opening equity	172,409	130,643
Closing equity	172,428	172,409