



**STRICTLY EMBARGOED
UNTIL 7AM THURSDAY 31 MAY 2012
FULLER, SMITH & TURNER P.L.C.**

Financial results for the 52 weeks ended 31 March 2012

Financial Performance

52 weeks (2012) versus 53 weeks (2011)

- Adjusted earnings per share¹ up 7% to 39.82p (2011: 37.36p); five year growth of 44%
- Revenue up 5% to £253.0 million (2011: £241.9 million)
- Adjusted profit before tax² up 3% to £30.3 million (2011: £29.3 million)
- EBITDA³ up 3% to £47.8 million (2011: £46.6 million)
- Profit before tax (including non-trading items) of £28.8 million (2011: £31.0 million)
- Basic earnings per share⁴ 42.13p (2011: 44.12p)
- Final dividend⁴ increased by 8% to 7.60p (2011: 7.05p)

Corporate Progress

- 30 pubs acquired and major investment in the brewery
- Managed Pubs and Hotels like for like sales up 4.2%
- Tenanted Inns profits⁵ up 4%
- Beer Company profits⁵ up 2%
- All business divisions in growth
- Net Debt to EBITDA⁶ 2.7 times after capital investment of £75 million
- Divisional Managing Directors in place

Commenting on the results, Michael Turner, Chairman of Fuller's, said:

"I am pleased to announce a very positive performance in a year where we have laid strong foundations for future growth following capital investment of £75 million across the business, which included the acquisition of 30 carefully selected pubs."

¹ Calculated using adjusted profits after tax and the same weighted average number of shares as for the basic earnings per share and using a 40p ordinary share

² Adjusted profit measures exclude exceptional items. The Directors believe that this measure provides useful information for shareholders as to the internal measures of the performance of the group

³ Pre-exceptional earnings before interest, tax, depreciation, loss on disposal of plant and equipment and amortisation

⁴ Calculated on a 40p ordinary share

⁵ Operating profit before exceptional items

⁶ Net debt to EBITDA is adjusted as appropriate for the pubs acquired or disposed of in the period

“Our adjusted earnings per share rose by 7% to 39.82p (2011: 37.36p). Over the last five years our adjusted earnings per share have grown 44%, which is testament to the success of our long term strategy. Our revenues increased 5% to £253.0 million (2011: £241.9 million) and adjusted profit before tax (excluding exceptional items) improved by 3% to £30.3 million (2011: £29.3 million).”

“As the summer sun chases away the economic gloom, we now look ahead to what promises to be a historic time for the country. This coming weekend we have the Queen’s Diamond Jubilee, followed by the European Football Championships and then the Olympic games. With our pub estate based in London and the South East and London Pride as our flagship beer, we aim to give our customers a wonderful summer to remember.”

Ends

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Copies of this statement, the Preliminary Announcement and results presentation will be available on the Company’s website, www.fullers.co.uk The presentation will be available from 12.00 pm on 31 May 2012

FULLER, SMITH & TURNER P.L.C.

FINANCIAL RESULTS FOR THE 52 WEEKS ENDED 31 MARCH 2012

CHAIRMAN'S STATEMENT

HIGHLIGHTS

I am pleased to announce a very positive performance in a year where we have laid strong foundations for future growth following capital investment of £75 million across the business, which included the acquisition of 30 carefully selected pubs.

Our adjusted earnings per share rose by 7% to 39.82p (2011: 37.36p). Over the last five years our adjusted earnings per share have grown 44%, which is testament to the success of our long term strategy. Our revenues increased 5% to £253.0 million (2011: £241.9 million) and adjusted profit before tax (excluding exceptional items) improved by 3% to £30.3 million (2011: £29.3 million).

Managed Pubs and Hotels like for like sales increased 4.2%, with total revenues up 6%. After duty rises and the temporary effect of significant development projects on a number of the new houses added in the year, profits⁷ rose by 1%. Over the last five years revenues from our Managed Pubs and Hotels have grown 30%, showing that against a backdrop of economic recession, we have continued to make strong long term progress.

Our Tenanted Inns have also performed consistently well over this challenging period for the sector, and this has continued with like for like profits up 2% and operating profits⁷ 4% higher. The Fuller's Beer Company saw Own Beer volumes rise 1% on a comparable basis, driven by excellent growth in Exports.

Excessive duty increases that total 45% over the last five years continue to impact all parts of the business, and this is demonstrated by a marked difference between domestic and export sales (where UK duty does not apply). The pub industry is a significant contributor to the local communities in which it operates and provides employment for almost 1 million people. However, we continue to shoulder a disproportionate tax burden as a result of the current detrimental tax regime. The Group paid total taxes and other government levies of £114 million for the year, which represents an astonishing 37% of Group revenues including VAT.

Our aim has always been to invest selectively in high quality assets where they are available and we are delighted that last year we had the opportunity to do so. All of the pubs acquired in the year were carefully chosen and have outstanding long term potential. 13 have joined the Managed Pubs and Hotels division and 17 joined the Tenanted Inns division. In addition to the significant development of a number of the new sites, we have continued our programme of enhancing our existing pub estate. We have also made a substantial investment in the brewery, adding 30,000 barrels of bottle and keg beer capacity which will support export growth into the future.

⁷ Operating profit before exceptional items

DIVIDEND

The Board recommends that a final dividend of 7.60p per 40p "A" and "C" ordinary share and 0.760p per 4p "B" ordinary share be paid on 24 July 2012 to shareholders on the share register as at 22 June 2012. This is an 8% increase on last year's final dividend. The total dividend per share of 12.65p per 40p "A" and "C" ordinary share and 1.265p per 4p "B" ordinary share represents a 7% increase on last year, demonstrating our confidence in the outlook for next year and this will be covered more than three times by adjusted earnings per share.

FULLER'S INNS

Fuller's Inns comprises two operating divisions. Managed Pubs and Hotels, where we control all aspects of the business, and Tenanted Inns, where Fuller's owns the property but the pub is operated by an entrepreneur under the Fuller's brand. At the year-end we had 174 Managed Pubs and 209 Tenanted Inns, following the 30 acquisitions and the disposal of five properties which no longer matched our criteria.

Acquisition Strategy

Our acquisitions strategy is to continue to enhance the quality of our estate, to increase our London presence and to expand our reach into prosperous areas of the South East. To achieve this, we look at both high quality existing businesses to which we can add value, and those which offer significant development potential. Our key selection criteria for an individual site are the local demographics, the character, the location, the qualities of the underlying property and the opportunity for us to enhance the operation.

The financial year under review has been exceptional in terms of acquisitions for the Group, adding further high quality sites to both our Managed and Tenanted businesses. In addition to this initial investment, we have invested £4.8 million in the year on the extensive redevelopment of four of these sites; with further development planned on a number of the others in the new financial year.

In London, we have added seven pubs to our Managed division and expanded our Tenanted presence with four excellent pubs. The majority of the Managed sites are existing high turnover, drinks led operations in great strategic locations and they have all traded well from day one under our stewardship. In March 2012 we opened the impressive Parcel Yard in Kings Cross Station. This was an exciting new development in a Grade 1 listed building and is now the largest station pub in Britain. In addition, we have completely remodelled the Tokenhouse (formerly traded as Bluu) in Moorgate to capitalise on the premium local market of this excellent city site.

In the South East, we took the opportunity to expand our portfolio in selected affluent areas where we previously had little representation. We have acquired 19 superb freeholds for our estate in these areas, with six Managed and 13 Tenanted pubs. All of the acquisitions are in great locations with a strong customer base and we expect them to respond well to Fuller’s branding and operational style. Within the Managed additions, the White Swan Hotel, Stratford-upon-Avon and the Crown, Bishop’s Waltham were purchased as development sites. These are remarkable historic buildings and, following sensitive restoration schemes that cost more than the buildings themselves, both have already been re-launched to the public.

The pubs acquired in the year are:

London

The Cabbage Patch, Twickenham	The Pavilion End, Moorgate
The Coach & Horses, Soho	The Plough, East Sheen
The Forester, Ealing	The Seven Stars, Holborn
The Hand & Flower, Hammersmith	The Tokenhouse, Moorgate
The Lamb & Flag, Covent Garden	The Wellington, Waterloo
The Parcel Yard, Kings Cross Station	

South East

The Bear & Ragged Staff, Michelmarsh	The Mayfly, Stockbridge
The Boater, Bath	The Old Plough, Stoke D’Abernon
The Crown Inn, Bishop’s Waltham	The Old Thatch Tavern, Stratford-upon-Avon
The Duke of York, Tunbridge Wells	The Ox Row Inn, Salisbury
The Fox & Hounds, Lyndhurst	The Red Lion Hotel, Wendover
The Frog & Wicket, Hook	The Sir John Barleycorn, Cadnam
The George & Dragon, Westerham	The Three Horseshoes, Laleham
The Horse & Groom, Alresford	The White Swan Hotel, Stratford-upon-Avon
The Kingswood Arms, Kingswood	The William Walker, Winchester
The Market Hotel, Reigate	

Managed Pubs and Hotels

Revenues for our Managed Pubs and Hotels business increased by 6% from £147.2 million to £155.7 million. Like for like sales grew by 4.2%, the 13 pubs and hotels acquired in the year added 4% and the one week shorter reporting period reduced the figure by 2%. Operating profits before exceptional items rose at a lower rate of 1% to £18.3 million (2011: £18.1 million), resulting from a reduced operating margin. EBITDA grew by 1% to £26.9 million (2011: £26.6 million).

The operating margin reduction from 12.3% to 11.8% can be explained by three main factors. First, lower margins were achieved on drinks as we were unable to pass on the full 7% duty increase in March 2011 to our consumers by raising prices further. If the ill-conceived duty escalator remains in place, we would expect this dilution of margin on drinks to continue. Second, one-off head office investments made to enhance our food development teams, our scheduling systems and our digital presence also had an impact. The final and most significant contributor was the planned, short-term impact of acquisitions that required closures for refurbishment and, in the case of the development sites, were loss-making prior to their transformations.

Refurbishments

We have continued to improve our existing estate and in addition to many smaller projects, we have made significant investments in 18 houses this year, totalling £4.2 million. For The King's Head, Guildford, The Thomas a Becket, Worthing and The Barrel and Horn, Bromley we designed transformational refurbishments to reposition their offer within their respective local markets. The Six Bells, Thame, The Pilot, Chiswick and The Rose and Crown, Ealing, each had targeted investments aimed at developing under-utilised areas of the pub, for example by transforming function rooms or gardens. These investments are already showing good returns.

Four Pillars

Our business is founded on the four pillars of outstanding cask conditioned ales, delicious food, great wines, and engaging service. The elements that we can measure financially, accommodation, food and drinks, all showed strong like for like sales growth in this financial year up by 7.4%, 4.5% and 4.0% respectively.

Engaging service is fundamental to a great customer experience and to strengthen our ability to deliver this consistently, we launched "Connection Week" last October. This initiative saw one team member from every Managed Pub and Hotel invited to an inspiring event where we shared with them our key messages, delivered by guest speakers and our own staff. They were also given the tools to subsequently cascade these messages in every pub, to every employee, within one week. The response to this initiative has been fantastic and has elevated the motivation and engagement levels of our pub teams. We will repeat "Connection Week" in the coming year. We also continue to conduct regular focus groups amongst our employees, which have provided a powerful means of communication.

In our estate growth in cask ale has outperformed growth in lager this year, indicating both a shift in consumers' tastes, with craft beer the order of the day, and interesting developments in our range. New beers and our own popular seasonals, such as Spring Sprinter and Summer Ale, continue to broaden our range of drinks, catering for every occasion. Our evolving selection of interesting foreign and niche lager brands and exclusive wines also ensure that our pubs satisfy the increasingly varied tastes of their customers.

Investment in our head office food team is already showing a return, driving quality and consistency throughout the estate. We focus on producing the finest food in our pubs, using fresh, seasonal ingredients. The 4.5% like for like sales growth achieved in the year was predominantly the result of increasing the number of covers, rather than price. We also improved margins through holding supplier increases below general food inflation and enhancing kitchen efficiency.

Accommodation

We are excited about the growth potential of our accommodation business in the coming year. Our acquisition and investment programme has added 134 rooms to the estate last year, through a combination of acquiring sites with accommodation and adding rooms as part of a redevelopment. At the year-end we had 620 bedrooms across 28 properties, an increase of 28% over the last year. The 27 rooms added at The Drayton Court in Ealing at the start of the year and upgrades to rooms at the Fox & Goose Hotel, Ealing and the Chamberlain Hotel, Minorities have had the expected positive impact on room sales. Like for like sales grew 7.4% last year, largely driven by an increase in average room rate achieved of 3%.

Since the end of the year we have completed the £2.8 million refurbishment of one of our acquisitions, The White Swan Hotel, Stratford-upon-Avon. Part of this magnificent Grade II listed building dates from the 1450s and it features 41 bedrooms which have all been upgraded to the Fuller's standard, with high quality finishes and bespoke artwork on the walls from local artists.

Digital

The digital arena continues to develop rapidly and this has opened up opportunities for us to increase our interaction with customers and drive sales. During the year we have invested in our digital infrastructure and we are delighted to be launching our new pubs and hotels websites today (31st May). Amongst many enhancements, this will assist us in promoting events, allow customers to make table bookings online and transform the customer journey for bedroom bookings. The new sites are smartphone and iPad friendly and are integrated with each pub's social media activity.

With around 78% of all hotel room bookings now being made online, one objective of our increased digital investment is to improve the numbers of people booking hotel rooms directly through our new websites, decreasing the amount paid in third-party agency fees.

Tenanted Inns

Tenanted Inns' revenue grew by 2% to £27.5 million (2011: £26.9 million), driven in part by the acquisitions made in the estate earlier in the year, which continue to trade well. Average EBITDA per pub increased by 4%, again as a result of our long term strategy.

Our Tenanted Inns acquisition strategy is to further increase the quality of the estate by acquiring pubs with long term potential and disposing of those sites that no longer fit our criteria. The 17 pubs added to the division in the year will significantly increase our average EBITDA per pub, whilst in the year we completed our recent disposal programme with the sale of four tenanted properties.

Operationally our strategy is to continually raise standards and quality, to develop the offer to ensure it fits the Fuller's brand, and to encourage entrepreneurship in our tenants. During the last year we have trained more tenants than ever, as well as increasing our range of courses; we have introduced a Mystery Shopper service to provide useful customer feedback to our tenants and we also paid for all our tenants to become members of the BII, the leading industry organisation for licensees.

We have continued to invest in our estate throughout the economic cycle, a strategy which benefits both the Group and our tenants. This policy has seen us invest £0.6 million last year across 26 pubs and works have been conducted by Fuller's and our lessees to upgrade nearly 50% of our pub interiors in the last two years. Wholesale drinks prices rose as higher levels of duty were passed on but, recognising the impact of the current economic climate on our tenants' businesses, we again capped all RPI linked rent increases to 3%.

The result of this proven strategy is that operating profits before exceptional items increased 4% to £10.3 million (2011: £9.9 million) and like for like profits were up 2%.

Fuller's prestigious Griffin Trophy for the best pub was again awarded this year to a Tenanted Inn, the Queen's Head, Farnham, reflecting the high quality entrepreneurial calibre of our tenants.

We are continually developing our proposition and in March 2012 we launched a new Service Charge agreement. This offers complete property compliance, at a Group purchasing price and removes a large administrative burden, freeing up busy tenants to focus on running their business. Early feedback has been very positive and a number of tenants have already signed up. We have also launched the first phase of an extranet for tenants, with the ultimate aim of providing them with a 'one-stop shop' for all interaction with Fuller's, as well as online access to our discounts, promotions, help and advice.

THE FULLER'S BEER COMPANY

The Fuller's Beer Company put in a robust performance in what remains a difficult marketplace. Revenues increased by 5% to £109.1 million (2011: £104.1 million). Operating profits increased by 2% to £9.0 million (2011: £8.8 million) as operating costs also increased 5%. Operating margin has been diluted due to both the changing sales mix and the impact of beer duty rises.

On a comparable 52 week basis, total beer volumes increased by 2% and Own Beer volumes were 1% higher than last year, driven by volumes of Own Beer sold in Fuller's pubs growing 3% and export volumes increasing by 22% in the year. Exports continue to grow strongly and now account for 1 in 6 barrels of Own Beer sold. For the first time we sold more than 10 million pints to our overseas customers. During the year, London Pride increased market share in our core trading area of London, increasing 4% in a level market⁸.

Our investment of £4.5 million in new conditioning tanks at the Griffin Brewery in Chiswick has added 30,000 barrels of conditioning capacity for bottle and keg beer. The tanks are now in operation and we have the ability to increase capacity further at a lower incremental cost in the future. This investment allows us to meet the current growing demand for bottle and keg beer, whilst also being flexible enough to produce cask ale should the need arise.

During the last twelve months we have continued to evolve our London Pride marketing, starring James May our brand ambassador. Following on from the "When in London" series of advertising, we are focusing on our London provenance and renowned brewing heritage in the build-up to the Olympics. This latest campaign, running throughout the summer, will be appearing on London taxis, Riverboats and in the capital's train stations and will be accompanied by related social media activity. This will both reinforce our appeal with

⁸ CGA, cask ale London area, March 2012

Londoners and target the expected five million visitors to the capital, with the posters reaching 20 million potential customers.

Our seasonal ale programme continues to provide our customers with fresh and interesting choices, whilst giving us an excellent testing ground for new products and a breadth of range to suit our different sales channels. A great example of this is Black Cab, where following success as a seasonal cask ale in November, this rich dark stout has been launched in bottle form for our Export and Off Trade markets. Bengal Lancer, a premium India Pale Ale, was originally introduced as a seasonal ale but has gone on to become our fastest growing beer in the past year.

Our brewing team in Chiswick are extremely passionate about brewing excellence and are constantly both fine tuning our existing range and developing new beers. Hope and Glory is our current seasonal ale which is being brewed specially for the Diamond Jubilee using Sovereign hops and Westminster barley from H.R.H. the Prince of Wales' farm. Following this, in June we are looking forward to launching Wild River, an exciting new mid-Atlantic pale ale brewed using American hops for their citrus aroma and flavour.

FINANCIAL PERFORMANCE

Following capital expenditure of £75 million, net debt rose by just under £50 million to £138.2 million (2011: £88.5 million). After the arrangement of £60 million of additional bank facilities in the year, our total bank facilities now stand at £150 million. The facilities all run until May 2015 and at 31 March 2012 we had £34 million of undrawn committed funds.

EBITDA increased by 3% to £47.8 million (2011: £46.6 million) and the pro forma ratio of net debt to EBITDA⁹ remains low at 2.7 times (2011: 1.9 times), allowing us continued flexibility to invest in future opportunities.

Net exceptional losses before tax of £1.5 million comprised £3.0 million of acquisition costs, a net £0.9 million onerous lease charge and £0.2 million of non-cash losses in relation to financial instruments which are not effective for hedge accounting purposes, offset by a profit on the disposal of properties of £0.6 million and a net reversal of property impairment charges of £2.0 million. After exceptional items, profit before tax was therefore £28.8 million (2011: £31.0 million). We benefitted from a non-cash exceptional deferred tax credit of £2.5 million relating to the reduction in the UK corporation tax rate from 26% to 24% which came into effect on 1 April 2012. The total impact of these items was that basic earnings per share were greater than the adjusted figure at 42.13p (2011: 44.12p).

The accounting deficit for defined benefit pensions has risen by £12.7 million to £19.1 million (2011: £6.4 million). This was driven principally by an increase in the calculated present value of pension obligations from £83.5 million to £98.2 million, largely due to changes in assumptions in line with the fall in double A corporate bond rates.

During the period 1,096,154 'A' ordinary 40p shares were repurchased into treasury for £7.7 million. In addition, 86,009 'A' ordinary 40p shares and 338,614 'B' ordinary 4p shares were purchased for £0.8 million by or on behalf of the Trustees of the Share Incentive Plan and the LTIP Trustees to cover future issuance.

⁹ Net debt to EBITDA is adjusted as appropriate for the pubs acquired or disposed of in the period

PEOPLE

Since last year's Annual General Meeting Alastair Kerr has joined the Board as a Non-Executive Director and has become Chairman of the Remuneration Committee. Alastair has a wide range of retail experience having previously held roles at The Body Shop, Kwik-Fit and Mothercare, and currently at White Stuff where he is a Non-Executive Director.

On 12 December 2011, Ian Bray joined the Board as Managing Director of The Fuller's Beer Company. I am pleased to welcome Ian, who joins us from Bunge SA where he was European Marketing Director and brings a wealth of experience with international brands to the Board. On 1 February 2012 Jonathon Swaine was promoted to the position of Managing Director of Fuller's Inns. Jonathon has been with the Group for six years and was previously one of our Retail Operations Directors.

Fuller's provides great opportunities for young people looking for a career in our sector and in 2011 we launched our first graduate development programme. The programme provides the opportunity to experience a wide variety of roles, and has been well received among the graduate applicant community, with our second year now underway. We have also successfully implemented a hospitality graduate programme, which will provide an effective development route for graduates to progress to general manager level in our Inns business.

We are expecting an exciting summer and the continued support and enthusiasm from all our staff is crucial to taking full advantage of this fantastic time when the spotlight will be on London. Our success is due to the performance of a passionate team who aspire to the highest standards, and who work unstintingly for the success of the Group. I would like to thank each and every one of them for their hard work and effort over the past year.

CURRENT TRADING AND PROSPECTS

We have experienced the most volatile and weather-dependent start to a year that we can remember. April was the wettest on record, whilst last week was glorious. Over the eight weeks to 26 May 2012, our total Managed Pubs and Hotels sales grew 7.2%, while the like for like sales decreased 2.3%. As the summer sun chases away the economic gloom, we now look ahead to what promises to be a historic time for the country.

This coming weekend we have the Queen's Diamond Jubilee, followed by the European Football Championships and then the Olympic games. With our pub estate based in London and the South East and London Pride as our flagship beer, we aim to give our customers a wonderful summer to remember.

The next Interim Management Statement will be issued on 18 July 2012.

Michael Turner
Chairman
31 May 2012

FULLER, SMITH & TURNER P.L.C.
FINANCIAL HIGHLIGHTS
FOR THE 52 WEEKS ENDED 31 MARCH 2012

	<i>52 weeks ended</i> 31 March 2012 £m	<i>53 weeks ended</i> 2 April 2011 £m	Change
Revenue	253.0	241.9	5%
Adjusted profit ¹	30.3	29.3	3%
Profit before tax	28.8	31.0	(7%)
EBITDA ²	47.8	46.6	3%
Adjusted earnings per share ³	39.82p	37.36p	7%
Basic earnings per share ⁴	42.13p	44.12p	(5%)
Total annual dividend per share ⁴	12.65p	11.80p	7%
Net debt ⁵	138.2	88.5	
Pro forma net debt / EBITDA ⁶	2.7 times	1.9 times	

1. *Adjusted profit is the profit before tax excluding exceptional items. The Directors believe that this measure provides useful information for shareholders as to the internal measures of the performance of the group.*
2. *Pre-exceptional earnings before interest, tax, depreciation, loss on disposal of plant and equipment and amortisation.*
3. *Calculated using adjusted profits after tax and the same weighted average number of shares as for the basic earnings per share and using a 40p ordinary share.*
4. *Calculated on a 40p ordinary share.*
5. *Net debt comprises cash and short term deposits, bank overdraft, bank loans, debenture stock and preference shares.*
6. *Pro forma net debt/EBITDA is adjusted as appropriate for the pubs acquired or disposed of in the period.*

FULLER, SMITH & TURNER P.L.C.
CONDENSED GROUP INCOME STATEMENT
FOR THE 52 WEEKS ENDED 31 MARCH 2012

52 weeks ended 31 March 2012

	<i>Note</i>	<i>Before exceptional items £m</i>	<i>Exceptional items £m</i>	<i>Total £m</i>
Revenue	2	253.0	-	253.0
Operating costs	3	(218.1)	(1.9)	(220.0)
Operating profit		34.9	(1.9)	33.0
Profit on disposal of properties	3	-	0.6	0.6
Finance revenue	4	0.3	-	0.3
Finance costs	3,4	(4.9)	(0.2)	(5.1)
Profit before tax		30.3	(1.5)	28.8
Taxation	3,5	(7.9)	2.8	(5.1)
Profit for the year attributable to equity shareholders of the Parent Company		22.4	1.3	23.7

53 weeks ended 2 April 2011

	<i>Note</i>	<i>Before exceptional items £m</i>	<i>Exceptional items £m</i>	<i>Total £m</i>
Revenue	2	241.9	-	241.9
Operating costs	3	(207.8)	(1.0)	(208.8)
Operating profit		34.1	(1.0)	33.1
Profit on disposal of properties	3	-	2.7	2.7
Finance revenue	4	0.1	-	0.1
Finance costs	4	(4.9)	-	(4.9)
Profit before tax		29.3	1.7	31.0
Taxation	3,5	(8.3)	2.1	(6.2)
Profit for the year attributable to equity shareholders of the Parent Company		21.0	3.8	24.8

FULLER, SMITH & TURNER P.L.C.
EARNINGS PER SHARE

		2012	2011
		Pence	Pence
Per 40p 'A' and 'C' ordinary share			
Basic	6	42.13	44.12
Diluted	6	41.62	43.30
Adjusted	6	39.82	37.36
Diluted adjusted	6	39.34	36.67
Per 4p 'B' ordinary share			
Basic	6	4.21	4.41
Diluted	6	4.16	4.33
Adjusted	6	3.98	3.74
Diluted adjusted	6	3.93	3.67

The results and earnings per share measures above are all in respect of the continuing operations of the Group.

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE 52 WEEKS ENDED 31 MARCH 2012

	<i>52 weeks ended</i>	<i>53 weeks ended</i>
	<i>31 March</i>	<i>2 April</i>
	<i>2012</i>	<i>2011</i>
Note	£m	£m
Profit for the year	<u>23.7</u>	<u>24.8</u>
Net (losses)/gains on valuation of financial assets and liabilities	(2.6)	1.8
Net actuarial (losses)/gains on pension scheme	(13.9)	6.0
Tax on components of other comprehensive income	5 3.7	(2.4)
Other comprehensive (loss)/income for the year, net of tax	<u>(12.8)</u>	<u>5.4</u>
Total comprehensive income for the year, net of tax, attributable to equity shareholders of the Parent Company	<u>10.9</u>	<u>30.2</u>

FULLER, SMITH & TURNER P.L.C.
CONDENSED GROUP BALANCE SHEET
31 MARCH 2012

	<i>At 31 March</i>	<i>At 2 April</i>
	2012	2011
<i>Note</i>	£m	£m
Non-current assets		
Intangible assets	30.6	23.9
Property, plant and equipment	400.5	342.8
Investment properties	4.9	10.0
Derivative financial assets	-	1.5
Other non-current assets	0.3	0.4
Deferred tax assets	7.8	4.1
Total non-current assets	444.1	382.7
Current assets		
Inventories	10.5	8.8
Trade and other receivables	18.3	18.8
Cash and short term deposits	3.9	3.7
Total current assets	32.7	31.3
Assets classified as held for sale	5.3	0.2
Current liabilities		
Trade and other payables	47.2	38.8
Current tax payable	3.9	4.5
Provisions	0.5	0.3
Total current liabilities	51.6	43.6
Non-current liabilities		
Borrowings	142.1	92.2
Derivative financial liabilities	1.4	-
Retirement benefit obligations	19.1	6.4
Deferred tax liabilities	30.1	33.7
Provisions	2.5	2.1
Total non-current liabilities	195.2	134.4
Net assets	235.3	236.2
Capital and reserves		
Share capital	22.8	22.8
Share premium account	4.8	4.8
Capital redemption reserve	3.1	3.1
Own shares	(8.3)	(3.1)
Hedging reserve	(1.1)	0.9
Retained earnings	214.0	207.7
Total shareholders' equity	235.3	236.2

FULLER, SMITH & TURNER P.L.C.
CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE 52 WEEKS ENDED 31 MARCH 2012

	<i>Share capital</i> £m	<i>Share premium account</i> £m	<i>Capital redemption reserve</i> £m	<i>Own shares</i> £m	<i>Hedging reserve</i> £m	<i>Retained earnings</i> £m	<i>Total</i> £m
At 27 March 2010	22.8	4.8	3.1	(4.0)	(0.4)	180.9	207.2
Profit for the year	-	-	-	-	-	24.8	24.8
Other comprehensive income for the year	-	-	-	-	1.3	4.1	5.4
Total comprehensive income for the year	-	-	-	-	1.3	28.9	30.2
Shares purchased to be held in ESOT or as treasury	-	-	-	(1.3)	-	-	(1.3)
Shares released from ESOT and treasury	-	-	-	2.2	-	(1.7)	0.5
Dividends (note 7)	-	-	-	-	-	(3.3)	(3.3)
Share-based payment charges	-	-	-	-	-	1.8	1.8
Tax credited directly to equity (note 5)	-	-	-	-	-	1.1	1.1
At 2 April 2011	22.8	4.8	3.1	(3.1)	0.9	207.7	236.2
Profit for the year	-	-	-	-	-	23.7	23.7
Other comprehensive loss for the year	-	-	-	-	(2.0)	(10.8)	(12.8)
Total comprehensive (loss)/income for the year	-	-	-	-	(2.0)	12.9	10.9
Shares purchased to be held in ESOT or as treasury	-	-	-	(8.5)	-	-	(8.5)
Shares released from ESOT and treasury	-	-	-	3.3	-	(2.3)	1.0
Dividends (note 7)	-	-	-	-	-	(6.8)	(6.8)
Share-based payment charges	-	-	-	-	-	1.9	1.9
Tax credited directly to equity (note 5)	-	-	-	-	-	0.6	0.6
At 31 March 2012	22.8	4.8	3.1	(8.3)	(1.1)	214.0	235.3

FULLER, SMITH & TURNER P.L.C.
CONDENSED GROUP CASH FLOW STATEMENT
FOR THE 52 WEEKS ENDED 31 MARCH 2012

	<i>52 weeks ended</i> 31 March <i>2012</i>	<i>53 weeks ended</i> <i>2 April</i> <i>2011</i>
<i>Note</i>	<i>£m</i>	<i>£m</i>
Group profit before tax	28.8	31.0
Net finance costs before exceptional items	4.6	4.8
Exceptional items	3 1.5	(1.7)
Depreciation and amortisation	12.8	12.4
Loss on disposal of property, plant and equipment	0.1	0.1
	47.8	46.6
Difference between pension charge and cash paid	(0.9)	(0.4)
Share-based payment charges	1.9	1.8
Change in trade and other receivables	0.7	(2.5)
Change in inventories	(1.7)	(1.2)
Change in trade and other payables	4.9	(0.1)
Cash impact of operating exceptional items	3 (2.0)	0.4
Cash generated from operations	50.7	44.6
Tax paid	(8.7)	(8.6)
Cash generated from operating activities	42.0	36.0
Cash flow from investing activities		
Business combinations	(52.8)	-
Purchase of property, plant and equipment	(21.9)	(12.0)
Sale of property, plant and equipment	1.9	4.0
Net cash outflow from investing activities	(72.8)	(8.0)
Cash flow from financing activities		
Purchase of own shares	(8.5)	(1.3)
Receipts on release of own shares to option schemes	1.0	0.5
Interest paid	(4.4)	(4.1)
Preference dividends paid	7 (0.1)	(0.1)
Equity dividends paid	7 (6.8)	(3.3)
Drawdown of bank loans	50.0	65.5
Repayment of bank loans	-	(80.2)
Repayment of debenture stock	-	(1.2)
Cost of refinancing and associated hedging	(0.2)	(1.2)
Net cash inflow/(outflow) from financing activities	31.0	(25.4)
Net movement in cash and cash equivalents	0.2	2.6
Cash and cash equivalents at the start of the year	3.7	1.1
Cash and cash equivalents at the end of the year	10 3.9	3.7

There were no significant non-cash transactions during either year.

FULLER, SMITH & TURNER P.L.C.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 31 MARCH 2012

1. PRELIMINARY STATEMENT

The consolidated financial statements of Fuller, Smith & Turner P.L.C. for the 52 weeks ended 31 March 2012 were authorised for issue by the Board of Directors on 31 May 2012.

This statement does not constitute statutory financial statements as defined by Section 435 of the Companies Act 2006. The financial information for the 52 weeks ended 31 March 2012 has been extracted from the statutory financial statements on which an unqualified audit opinion has been issued and will be delivered to the Registrar of Companies following the Company's Annual General Meeting. Statutory financial statements for the 53 weeks ended 2 April 2011, including an unqualified auditors' report which did not make any statement under Section 498 of the Companies Act 2006, have been delivered to the Registrar of Companies.

The Group financial statements are presented in Sterling and all values are shown in millions of pounds (£m) rounded to the nearest hundred thousand pounds, except when otherwise indicated.

The accounting policies used have been applied consistently and are described in full in the statutory financial statements for the 52 weeks ended 31 March 2012, which will be mailed to shareholders on or before 20 June 2012 and delivered to the Registrar of Companies. The financial statements will also be available from the Company's registered office: Griffin Brewery, Chiswick Lane South, Chiswick, London W4 2QB, and on its website, from that date.

Basis of preparation – new accounting standards

The condensed financial information in this statement has been prepared in all material respects on the basis of the accounting policies set out in the Group's 2011 financial statements, and in accordance with applicable accounting standards.

During the year the Group has expensed transaction costs on pub acquisitions which qualify as business combinations, in accordance with IFRS 3 Business Combinations (revised). These have been recorded as exceptional items. There were no business combinations in the comparative period presented.

2. SEGMENTAL ANALYSIS

For management purposes, the Group's operating segments are:

- Managed Pubs and Hotels, which comprises managed pubs and managed hotels;
- Tenanted Inns, which comprises pubs operated by third parties under tenancy or lease agreements; and
- The Fuller's Beer Company, which comprises the brewing and distribution of beer, wines and spirits.

The Group's business is vertically integrated. The most important measure used to evaluate the performance of the business is adjusted profit, which is the profit before tax, adjusted for exceptional items. The operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic operating unit. More details of these segments are given in the Group Managing Director's Review. Segment performance is evaluated based on operating profit before exceptional items and is measured consistently with the operating profit before exceptional items in the consolidated financial statements.

Transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between operating segments. Those transfers are eliminated on consolidation. Group financing, including finance costs and revenue, and taxation are managed on a Group basis.

52 weeks ended 31 March 2012	Managed Pubs and Hotels £m	Tenanted Inns £m	The Fuller's Beer Company £m	Unallocated¹ £m	Total £m
Revenue					
Segment revenue	155.7	27.5	109.1	-	292.3
Inter-segment sales	-	-	(39.3)	-	(39.3)
Revenue from third parties	155.7	27.5	69.8	-	253.0
Segment result	18.3	10.3	9.0	(2.7)	34.9
Operating exceptional items					(1.9)
Operating profit					33.0
Profit on disposal of properties					0.6
Net finance costs					(4.8)
Profit before tax					28.8

2. SEGMENTAL ANALYSIS (continued)

53 weeks ended 2 April 2011	<i>Managed Pubs and Hotels £m</i>	<i>Tenanted Inns £m</i>	<i>The Fuller's Beer Company £m</i>	<i>Unallocated¹ £m</i>	<i>Total £m</i>
Revenue					
Segment revenue	147.2	26.9	104.1	-	278.2
Inter-segment sales	-	-	(36.3)	-	(36.3)
Revenue from third parties	147.2	26.9	67.8	-	241.9
Segment result	18.1	9.9	8.8	(2.7)	34.1
Operating exceptional items					(1.0)
Operating profit					33.1
Profit on disposal of properties					2.7
Net finance costs					(4.8)
Profit before tax					31.0

¹ Unallocated expenses represent primarily the salary and costs of central management.

3. EXCEPTIONAL ITEMS

	52 weeks ended 31 March 2012 £m	53 weeks ended 2 April 2011 £m
Amounts included in operating profit:		
Acquisition costs	(3.0)	-
Onerous lease charges	(0.9)	-
Reversal of impairment on property	2.3	-
Impairment of properties	(0.3)	(1.4)
Insurance claim	-	0.4
Total exceptional items included in operating profit	(1.9)	(1.0)
Profit on disposal of properties	0.6	2.7
Exceptional finance costs:		
Movement in fair value of financial instruments	(0.2)	-
Total exceptional finance costs	(0.2)	-
Total exceptional items before tax	(1.5)	1.7
Exceptional tax:		
Change in corporation tax rate (see note 5)	2.5	2.6
Profit on disposal of properties	(0.1)	(0.8)
Other items	0.4	0.3
Total exceptional tax	2.8	2.1
Total exceptional items	1.3	3.8

Acquisition costs of £3.0 million during the 52 weeks ended 31 March 2012 comprise £2.6 million of transaction costs on pub acquisitions which qualify as business combinations (note 9) and £0.4 million abortive acquisition costs incurred during a proposed acquisition bid.

3. EXCEPTIONAL ITEMS *(continued)*

The onerous lease charge of £0.9 million during the 52 weeks ended 31 March 2012 relates to provisions made in respect of leasehold properties which are currently trading at a loss and which the Directors do not expect to become profitable in the future.

During the 52 weeks ended 31 March 2012 the impairment of £0.3 million (2011: £1.3 million) and the reversal of prior impairments of £2.3 million (2011: £nil) relate to the write down/back of licensed properties to their recoverable value. During the 53 weeks ended 2 April 2011 there was also a £0.1 million write down of investment properties to their recoverable value. See note 8.

During the 53 weeks ended 2 April 2011 insurance claim income of £0.4 million was recognised in relation to the gain made on the disposal of a property destroyed by fire.

The profit on disposal of properties of £0.6 million during the 52 weeks ended 31 March 2012 (2011: £2.7 million) relates to the disposal of six licensed and unlicensed properties (2011: ten).

The movement in fair value of financial instruments of £0.2 million for the 52 weeks ended 31 March 2012 relates to interest rate swaps and caps which, although considered effective in managing the interest rate risk of the Group's borrowings, do not meet the definition of an effective hedge for hedge accounting purposes.

The cash impact of operating exceptional items before tax for the 52 weeks ended 31 March 2012 was £2.0 million cash outflow (2011: £0.4 million cash inflow).

4. FINANCE REVENUE AND FINANCE COSTS

	<i>52 weeks ended 31 March 2012 £m</i>	<i>53 weeks ended 2 April 2011 £m</i>
Interest receivable from:		
Cash and cash equivalents	-	0.1
Finance income on net pension liabilities	0.3	-
Finance revenue	0.3	0.1
Interest expense arising on:		
Financial liabilities at amortised cost – loans and debentures	4.6	4.4
Financial liabilities at amortised cost – preference shares	0.1	0.1
Total interest expense for financial liabilities	4.7	4.5
Finance charge on net pension liabilities	-	0.1
Unwinding of discounts on provisions	0.2	0.3
Total finance costs before exceptional items	4.9	4.9
Movement in fair value of financial instruments (note 3)	0.2	-
Finance costs	5.1	4.9

5. TAXATION

	<i>52 weeks ended</i> 31 March 2012 £m	<i>53 weeks ended</i> <i>2 April</i> <i>2011</i> <i>£m</i>
Tax on profit on ordinary activities		
Current income tax:		
Corporation tax	8.2	9.5
Amounts over provided in previous years	-	(0.1)
Total current income tax	8.2	9.4
Deferred tax:		
Origination and reversal of temporary differences	(0.6)	(0.6)
Change in corporation tax rate	(2.5)	(2.6)
Total deferred tax	(3.1)	(3.2)
Total tax charged in the Income Statement	5.1	6.2
Tax relating to items charged/credited to the Statement of Comprehensive Income		
Deferred tax:		
Change in corporation tax rate	0.2	0.3
Net (losses)/gains on valuation of financial assets and liabilities	(0.6)	0.5
Net actuarial (losses)/gains on pension scheme	(3.3)	1.6
Tax (credit)/charge included in the Statement of Comprehensive Income	(3.7)	2.4
Tax relating to items charged directly to equity		
Deferred tax:		
Reduction in deferred tax liability due to indexation	(0.5)	(0.8)
Share-based payments	0.1	(0.2)
Current tax:		
Share-based payments	(0.2)	(0.1)
Tax credit included in the Statement of Changes in Equity	(0.6)	(1.1)

During the period the Finance Act 2011 and in connection with Finance Act 2012, a resolution under PCTA 1968, have both been "substantively enacted". The main impact is that the rate of UK corporation tax reduced from 26% to 24% from 1 April 2012. To the extent that this rate change will affect the amount of future cash tax payments to be made by the Group, this reduces the size of both the Group's balance sheet deferred tax liability and deferred tax asset. The impact in the 52 weeks to 31 March 2012 is an exceptional credit to the income statement of £2.5 million, and a charge to the Statement of Comprehensive Income of £0.2 million.

Further reductions have been proposed, to reduce the rate to 23% and 22% on 1 April 2013 and 2014 respectively, however these changes have not yet been substantively enacted and the financial effects will only be recorded in future periods as legislation is introduced.

6. EARNINGS PER SHARE

	<i>52 weeks ended</i> 31 March 2012 £m	<i>53 weeks ended</i> <i>2 April</i> <i>2011</i> <i>£m</i>
Profit attributable to equity shareholders	23.7	24.8
Exceptional items net of tax	(1.3)	(3.8)
Adjusted earnings attributable to equity shareholders	22.4	21.0
	<i>Number</i>	<i>Number</i>
Weighted average share capital	56,250,000	56,208,000
Dilutive outstanding options and share awards	695,000	1,062,000
Diluted weighted average share capital	56,945,000	57,270,000
	<i>Pence</i>	<i>Pence</i>
40p 'A' and 'C' ordinary share		
Basic earnings per share	42.13	44.12
Diluted earnings per share	41.62	43.30
Adjusted earnings per share	39.82	37.36
Diluted adjusted earnings per share	39.34	36.67
4p 'B' ordinary share		
Basic earnings per share	4.21	4.41
Diluted earnings per share	4.16	4.33
Adjusted earnings per share	3.98	3.74
Diluted adjusted earnings per share	3.93	3.67

For the purposes of calculating the number of shares to be used above, 'B' shares have been treated as one tenth of an 'A' or 'C' share. The earnings per share calculation is based on earnings from continuing operations and on the weighted average ordinary share capital which excludes shares held by trusts relating to employee share options and shares held in treasury of 734,626 (2011: 775,935).

Diluted earnings per share amounts are calculated using the same earnings figure as for basic earnings per share, divided by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Adjusted earnings per share are calculated on profit before tax excluding exceptional items and on the same weighted average ordinary share capital as for the basic and diluted earnings per share. An adjusted earnings per share measure has been included as the Directors consider that this measure better reflects the underlying earnings of the Group.

7. DIVIDENDS

	<i>52 weeks ended</i> 31 March 2012 <i>£m</i>	<i>53 weeks ended</i> <i>2 April</i> <i>2011</i> <i>£m</i>
Declared and paid during the year		
Equity dividends on ordinary shares:		
Final dividend for 2011: 7.05p (2010: 1.15p)*	4.0	0.6
Interim dividend for 2012: 5.05p (2011: 4.75p)	2.8	2.7
Equity dividends paid	6.8	3.3
Dividends on cumulative preference shares (note 4)	0.1	0.1
Proposed for approval at the AGM		
Final dividend for 2012: 7.60p (2011: 7.05p)	4.2	4.0

** The final dividend paid for 2010 took into account the level of interim dividends already paid during the year, which included a second interim dividend.*

The pence figures above are for the 40p 'A' ordinary shares and 40p 'C' ordinary shares. The 4p 'B' ordinary shares carry dividend rights of one tenth of those applicable to the 40p 'A' ordinary shares. Own shares held in the employee share trusts do not qualify for dividends as the trustees have waived their rights. Dividends are also not paid on own shares held as treasury shares.

8. PROPERTY, PLANT AND EQUIPMENT

	<i>Land & buildings £m</i>	<i>Plant, machinery & vehicles £m</i>	<i>Containers, fixtures & fittings £m</i>	<i>Total £m</i>
Cost				
At 27 March 2010	326.1	28.4	89.2	443.7
Additions	2.2	1.5	7.5	11.2
Disposals	(2.4)	(1.3)	(2.0)	(5.7)
Transfer to assets held for sale / investment properties	(1.2)	-	(0.1)	(1.3)
At 2 April 2011	324.7	28.6	94.6	447.9
Additions	7.6	4.5	11.6	23.7
Acquisitions (note 9)	44.7	0.1	0.7	45.5
Disposals	(2.1)	(0.5)	(2.7)	(5.3)
At 31 March 2012	374.9	32.7	104.2	511.8
Depreciation and impairment				
At 27 March 2010	20.8	17.5	57.2	95.5
Provided during the year	2.0	1.6	8.8	12.4
Impairment loss net of reversals	1.3	-	-	1.3
Disposals	(1.0)	(1.2)	(1.6)	(3.8)
Transfer to assets held for sale / investment properties	(0.3)	-	-	(0.3)
At 2 April 2011	22.8	17.9	64.4	105.1
Provided during the year	2.0	1.7	8.8	12.5
Impairment reversals net of loss	(2.0)	-	-	(2.0)
Disposals	(1.3)	(0.5)	(2.5)	(4.3)
At 31 March 2012	21.5	19.1	70.7	111.3
Net book value at 31 March 2012	353.4	13.6	33.5	400.5
Net book value at 2 April 2011	301.9	10.7	30.2	342.8
Net book value at 27 March 2010	305.3	10.9	32.0	348.2

During the 52 weeks ended 31 March 2012, the Group recognised an impairment loss of £0.3 million (2011: £1.3 million) in respect of the write down of licensed properties purchased in recent years where their asset values exceeded either fair value less costs to sell or their value in use. The impairment losses were driven principally by changes in the local competitive environment in which the pubs are situated. Following an improvement in trading performance and an increase in the amounts of estimated future cash flows of certain previously impaired sites, reversals of £2.3 million were recognised during the 52 weeks ended 31 March 2012 (2011: £nil).

9. BUSINESS COMBINATIONS

During the 52 weeks ended 31 March 2012 the Company has acquired 30 new pubs. 28 of these property acquisitions have been treated as business combinations as they were operating as a business at the point the Company acquired them. Five individual pubs were purchased from Marston's PLC on 1 November 2011 for a consideration of £16.0 million, 16 individual pubs were purchased from Enterprise Inns plc on 9 March 2012 for a consideration of £25.3 million and the remaining seven pubs were bought individually throughout the year.

The acquisitions were made as part of the Group's continuing strategy to expand the managed and tenanted portfolio via selective quality acquisitions.

	<i>Managed</i>	<i>Tenanted</i>	<i>Total</i>
Number of pubs purchased	9	19	28
Provisional fair value:	£m	£m	£m
Property, plant and equipment and working capital acquired	14.5	31.3	45.8
Lease assignment premiums	7.0	-	7.0
Goodwill	-	-	-
Consideration	21.5	31.3	52.8
Satisfied by:			
Cash	21.5	31.3	52.8

Costs associated with the acquisitions of £2.6 million have been charged to operating exceptional items in the Consolidated Income Statement for the year ended 31 March 2012 (see note 3), of which £1.6 million was paid in the year. These comprise primarily stamp duty and other property fees.

10. ANALYSIS OF NET DEBT

<i>52 weeks ended 31 March 2012</i>	<i>At 2 April 2011 £m</i>	<i>Cash flows £m</i>	<i>Non-cash¹ £m</i>	<i>At 31 March 2012 £m</i>
Cash and cash equivalents:				
Cash and short term deposits	3.7	0.2	-	3.9
Debt:				
Bank loans	(64.8)	(49.8)	(0.1)	(114.7)
Debenture stock	(25.8)	-	-	(25.8)
Preference shares	(1.6)	-	-	(1.6)
	(92.2)	(49.8)	(0.1)	(142.1)
Net debt	(88.5)	(49.6)	(0.1)	(138.2)

10. ANALYSIS OF NET DEBT (continued)

53 weeks ended 2 April 2011	At 27 March 2010 £m	Cash flows £m	Non-cash ¹ £m	At 2 April 2011 £m
Cash and cash equivalents:				
Cash and short term deposits	1.1	2.6	-	3.7
Debt:				
Bank loans	(80.2)	15.5	(0.1)	(64.8)
Debenture stock	(27.0)	1.2	-	(25.8)
Preference shares	(1.6)	-	-	(1.6)
	(108.8)	16.7	(0.1)	(92.2)
Net debt	(107.7)	19.3	(0.1)	(88.5)

¹ Non cash movements relate to the amortisation of arrangement fees, offset by arrangement fees accrued.

11. RETIREMENT BENEFIT OBLIGATIONS

The amount included in the Balance Sheet arising from the Group's obligations in respect of its defined benefit retirement plan	At 31 March 2012 £m	At 2 April 2011 £m
Fair value of plan assets	79.1	77.1
Present value of scheme liabilities	(98.2)	(83.5)
Deficit in the scheme	(19.1)	(6.4)

Key financial assumptions used in the valuation of the scheme

Rate of increase in salaries	3.70%	4.00%
Rate of increase in pensions in payment	3.20%	3.50%
Discount rate	4.60%	5.55%
Inflation assumption - RPI	3.20%	3.50%
Inflation assumption - CPI	2.70%	3.00%

Mortality assumptions

The mortality assumptions used in the 2012 valuation of the plan are set out below:

	Years	Years
Current pensioners (at 65) - males	21.0	21.0
Current pensioners (at 65) - females	23.5	23.5
Future pensioners (at 65) - males	22.0	22.0
Future pensioners (at 65) - females	24.4	24.4

11. RETIREMENT BENEFIT OBLIGATIONS (continued)

	At 31 March 2012 £m	At 2 April 2011 £m
Value of assets in the scheme		
Bonds – Government	-	2.9
Bonds – Corporate	16.3	17.6
Equities	34.9	51.9
Absolute return fund*	25.6	-
Property	0.7	1.3
Cash	0.5	2.4
Annuities	1.1	1.0
Total market value of assets	79.1	77.1

* The absolute return fund assets were previously shown split between the asset classes held in the fund at each period end date. During the 52 weeks ended 31 March 2012 management has reviewed this and consider that it is more appropriate to show these assets separately, as the asset split is fluid and the fund's aim is to target an equity return over the long term. The asset split for the 53 weeks ended 2 April 2011 under the revised basis would have been: government bonds £nil, corporate bonds £15.0 million, equities £45.7 million, absolute return fund £14.7 million, property £0.6 million, cash £0.1 million and annuities £1.0 million.

Movements in the fair value of scheme assets during the year

Fair value at beginning of the year	77.1	71.1
Expected return on scheme assets	4.9	4.6
Actuarial (losses)/gains	(2.5)	1.7
Employer contributions	1.6	1.5
Employer special contributions	0.7	0.5
Employee contributions	0.5	0.5
Benefits paid	(3.2)	(2.8)
Fair value at the end of the year	79.1	77.1

Movements in the present value of defined benefit obligations during the year

Present value of obligation at beginning of the year	(83.5)	(83.8)
Service cost	(1.4)	(1.6)
Interest cost	(4.6)	(4.7)
Employee contributions	(0.5)	(0.5)
Benefits paid	3.2	2.8
Actuarial (losses)/gains	(11.4)	4.3
Present value of obligation at the end of the year	(98.2)	(83.5)

12. SHAREHOLDERS' INFORMATION

Shareholders holding 40p 'C' ordinary shares are reminded that they have 30 days from 31 May 2012 should they wish to convert those 'C' shares to 'A' shares. The next available opportunity after that will be November 2012. For further details please contact the Company's registrars, Computershare on 0870 889 4096.

13. PRINCIPAL RISKS AND UNCERTAINTIES

Regulatory Risks

Regulation of the Sale of Alcohol: Within our industry there is always the risk that the Government may change legislation in a manner that may adversely affect us. Notably, in the past 5 years UK alcohol excise duties have been increased by more than 45% and the duty escalator introduced in 2009, unless abandoned, will further raise alcohol duties annually at a rate of 2% above the rate of inflation. There is a risk that continued inflation busting duty increases may depress sales or further reduce margins in our industry. The sale of alcohol below the level of duty plus VAT was banned in April 2012, and the Government has announced plans to introduce a minimum price per unit of alcohol as early as 2014. However, neither of these measures are likely to tackle below cost selling in the supermarkets.

Beer Tie: Whilst the European Union has renewed the block exemption with regard to the Beer Tie until 2022, the Beer Tie continues to be the subject of much debate and scrutiny in the UK. Our Tenanted Code of Practice is accredited by the British Institute of Innkeeping and we are working with industry bodies and other pubs companies towards an industry standard Code of Practice. We believe these measures have further improved the transparency and openness of our Tied agreements. There remains a risk that other authorities will interfere with the existing arrangements leading to the abolition of the Beer Tie. This would necessitate a change in our business model, with higher property rents and lower prices for the supply of drinks being charged. However, we believe this threat has diminished over the last 12 months with the production of further BBPA industry codes of practice.

Health and Safety: The health and safety of the Group's employees and customers is a key concern to us. We report and investigate both accidents and near misses. In order to reduce the risk of kitchen fires in our Managed Pubs and Hotels we have automatic fire suppression systems in every kitchen. A Health and Safety Committee is in place in order to oversee the operation of the Group's numerous health and safety policies and procedures, and to regularly update its training programme to ensure that all risks are identified and properly assessed and that relevant regulation is adhered to.

Pensions: The Group operates several pension schemes including a defined benefit pension scheme and management continue to closely monitor developments in relation to pension scheme funding. Although the defined benefit scheme is now closed to new entrants, there remains a significant pension liability on the Balance Sheet. There is therefore a risk to the Group that a change in legislation could impact cash flow by setting a minimum funding level that is above the Group's current contributions or by requiring higher contributions by a change to the basis of calculating the scheme deficit. The Group has a programme in place to reduce the deficit and made an additional contribution of £0.7 million in the 52 weeks ended 31 March 2012. The Group has agreed with the trustees to make further annual additional contributions of £0.7 million in order to reduce the deficit further.

