J D Wetherspoon plc

INTERIM REPORT 2015

J D Wetherspoon owns and operates pubs throughout the UK. The company aims to provide customers with good-quality food and drinks, served by well-trained and friendly staff, at reasonable prices.

The pubs are individually designed, and the company aims to maintain them in excellent condition.

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Year end
26 July 2015

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FINANCIAL HIGHLIGHTS

Revenue up 9.0% to £744.4m
(2014: £683.2m)

Like-for-like sales
up 4.5%

Operating profit down
1.1% to £55.1m
(2014: £55.7m)

Operating margin
7.4% (2014: 8.2%)

Profit before tax and
exceptional items*
down 0.9% to £37.5m
(2014: £37.8m)

Profit before tax up
4.1% to £37.5m
(2014: £36.0m)

Earnings per share
(including shares held in trust)
up 2.3% to 22.6p (2014: 22.1p)

Earnings per share after
exceptional items (including shares
held in trust)
up 9.2% to 22.6p (2014: 20.7p)

Free cash flow per share 36.5p
(2014: 33.8p)

12 pubs opened, creating a total of 936

£15.3m allocated in bonuses,
83.3% of which to pub teams

Interim dividend 4p per share
(2014: 4p)

*Exceptional items as disclosed in note 5.

CHAIRMAN'S STATEMENT AND OPERATING REVIEW

In the 26 weeks ended 25 January 2015, like-for-like sales increased by 4.5%, with total sales increasing by 9.0% to £744.4m (2014: £683.2m). Like-for-like bar sales increased by 1.5% (2014: 3.4%), food by 10.1% (2014: 10.5%) and fruit/slot machines by 1.1% (2014: decreased by 9.5%).

Operating profit decreased by 1.1% to £55.1m (2014: £55.7m). The operating margin was 7.4% (2014: 8.2%). Profit before tax and exceptional items decreased by 0.9% to £37.5m (2014: £37.8m), owing mainly to a slightly lower gross margin, higher rates of pay for pub staff and higher utility costs. There were no exceptional items this year, so profit increased by 4.1%, compared with last year's post-exceptional profit of £36.0m.

Diluted earnings per share, before exceptional items, increased by 2.3% to 22.6p (2014: 22.1p), helped by a slightly lower corporation tax rate and a slightly lower number of shares in issue. Diluted earnings per share after exceptional items increased by 9.2% to 22.6p (2014: 20.7p).

As illustrated in the table in the tax section below, the company paid taxes of £305.3m in the period under review, compared with £290.7m in the same period last year.

Net interest was covered 3.1 times by operating profit (2014: 3.1 times, before exceptional items). Total capital investment was £93.8m in the period (2014: £82.7m), with £72.4m spent on freehold reversions of properties where Wetherspoon was the tenant and new pub openings (2014: £58.0m). In addition, £21.4m was spent on existing pubs (2014: £24.7m).

There were no exceptional items (2014: a charge of £1.8m which related to interest due to HMRC, following the 'Rank' High Court decision of October 2013, in respect of gaming machines).

Free cash flow, after capital investment of £21.4m on existing pubs and payments of tax and interest, increased to £44.9m (2014: £42.6m). Free cash flow per share was 36.5p (2014: 33.8p).

Dividends

The board declared an interim dividend of 4.0p per share for the current interim financial period ending 25 January 2015 (2014: 4.0p per share). The interim dividend will be paid on 28 May 2015 to those shareholders on the register at 1 May 2015. The dividend was covered 5.9 times by profit (2014: 5.2 times).

Corporation tax

We expect the overall corporation tax charge for the financial year, including current and deferred taxation, to be approximately 25.7% before exceptional items (July 2014: 25.8%). The decrease is due to a reduction in the corporation tax rate, partially offset by an increase in deferred tax liability.

As in previous years, the company's tax rate is higher than the standard UK tax rate, owing mainly to depreciation which is not eligible for tax relief.

Financing

As at 25 January 2015, the company's net borrowings (including finance leases) were £597.2m, an increase of £40.6m, compared with those of the previous year end (27 July 2014: £556.6m). Our net-debt-to-EBITDA ratio was 3.38 times at the period's end.

Following the period's end, the company concluded an amendment and restatement of its existing banking facility. An increased non-amortising facility of £820m was arranged, on slightly better terms, expiring in February 2020. The facility is syndicated to a total of 11 lenders. The second-half cash flows will reflect approximately £3.4m of associated fees.

Property

During the period, we opened 12 new pubs and closed three pubs, bringing the number of pubs open at the period's end to 936. Of these new openings, 11 were freehold purchases. We expect to open approximately 30 pubs in this financial year. This is at the lower end of expectations, owing mainly to a slower-than-anticipated rate of regulatory approvals.

Taxes and regulation

As many companies have highlighted, pubs and restaurants pay far higher levels of tax than do supermarkets. The main disparity relates to VAT (value added tax), since supermarkets pay no VAT in respect of their food sales, whereas pubs pay 20%, enabling supermarkets to subsidise their alcoholic drinks prices. Pubs also pay approximately 15p per pint in respect of business rates, while supermarkets pay only about 1.5–2p per pint.

In addition, the government has recently introduced both a 'late-night levy' and additional fruit/slot machine taxes, further reducing the competitive position of pubs in relation to supermarkets.

It is widely acknowledged that the tax disparity with supermarkets is unfair and that pubs create more jobs and more taxes per pint or per meal than do supermarkets and that it does not make social or economic sense for the tax régime to favour supermarkets. We acknowledge the need to pay a reasonable level of taxes, but hope that legislators will make progress in creating a level playing field for all businesses which sell similar products.

The taxes paid by Wetherspoon in the period under review were as follows:

	2015 First half £m (estimate)	2014 First half £m (rebased)
VAT	144.8	133.6
Alcohol duty	75.2	74.7
PAYE and NIC	40.7	38.0
Business rates	24.0	22.5
Corporation tax	7.8	8.8
Corporation tax credit (historic capital allowances)	(2.0)	–
Machine duty	5.7	5.5
Climate change levy	3.0	3.0
Fuel duty	1.9	1.1
Carbon tax	1.8	1.3
Stamp duty	1.2	1.2
Landfill tax	0.8	0.7
Premise licence and TV licences	0.4	0.3
TOTAL TAX	£305.3	£290.7
PROFIT AFTER TAX (Pre-exceptional)	£27.8	£27.9

Further progress

As previously highlighted, the company continues to try to upgrade as many areas of the business as possible. Current initiatives include investment in various IT and accounting systems, improved management of repairs and maintenance and improved training for pub and kitchen managers. We also allocated £15.3m (2014: £14.0m) in bonuses and free shares to employees, 98% of which was paid to those below board level and 83% of which was paid to those working in our pubs.

As we have reported, the company has received a record number of recommendations in CAMRA's Good Beer Guide 2015 – more, we believe, than any other pub company. In this connection, 925 of our pubs have also achieved approval from Casque Marque, a brewery-run scheme which encourages high standards in ale quality. In addition, the number of pubs receiving the maximum hygiene rating, in respect of the local-authority-run scheme Scores on the Doors, continues to increase, with 784 pubs (out of 838 which have been officially rated) scoring 5 out of 5 – a higher percentage of maximum scores than any other substantial pub company.

Current trading and outlook

The first half of the financial year resulted in a reasonable sales performance and free cash flow, although our profit was under pressure from areas which included increased competition from supermarkets and increased pay and bonuses for pub staff.

As previously highlighted, the biggest danger to the pub industry is the continuing tax disparity between supermarkets and pubs. Thanks mainly to the work of Jacques Borel's VAT Club, there is a growing realisation among politicians, the media and the public that pubs are overtaxed and that a level tax playing field will create more jobs and taxes for the country.

In the six weeks to 8 March 2015, like-for-like sales increased by 1.6%, with total sales increasing by 5.6%.

The company has successfully established a strong coffee and breakfast trade in recent years, selling approximately 50m Lavazza coffees and teas per annum and about 24m breakfasts – more breakfasts (according to research by CGA Peach) than are sold by Caffè Nero or Pret a Manger. We are increasing our efforts in this area by introducing more competitive prices from Wednesday 18 March. Lavazza filter coffee, with free refills, will be available at 99p or under, between 8am and 2pm daily, at approximately 880 pubs. We are also introducing more competitive prices for breakfasts. Our aim is to triple coffee and breakfast sales over the next 18 months. On the same date, we are introducing several drinks offers, reflecting greater supermarket competition, including Magners Cider (568ml) and BrewDog Punk IPA (330ml) at £1.99, at approximately the same number of pubs. Marketing and labour costs may be higher than anticipated in the second half, as a result of the coffee and breakfast campaigns.

The second half of the last financial year was strong, which will make it difficult to improve on that performance in the current year, although we expect a reasonable outcome for the full financial year, even so.

Tim Martin
Chairman
12 March 2015

INCOME STATEMENT FOR THE 26 WEEKS ENDED 25 JANUARY 2015

	Notes	**Unaudited 26 weeks ended 25 January 2015 £000**	Unaudited 26 weeks ended 26 January 2014 £000	Audited 52 weeks ended 27 July 2014 £000
Revenue	4	**744,367**	683,229	1,409,333
Operating costs		**(689,278)**	(627,513)	(1,293,758)
Operating profit	6	**55,089**	55,716	115,575
Finance income		**26**	47	67
Finance costs		**(17,663)**	(17,980)	(36,280)
Non-operating exceptional items	5	**–**	(1,814)	(997)
Profit before tax		**37,452**	35,969	78,365
Income tax expense	7	**(9,629)**	(9,927)	(37,243)
Profit for the period		**27,823**	26,042	41,122
Basic earnings per share (pence)	8	**23.5**	21.4	33.9
Diluted basic earnings per share (pence)	8	**22.6**	20.7	32.8

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE 26 WEEKS ENDED 25 JANUARY 2015

	Notes	**Unaudited 26 weeks ended 25 January 2015 £000**	Unaudited 26 weeks ended 26 January 2014 £000	Audited 52 weeks ended 27 July 2014 £000
Items which will be reclassified subsequently to profit or loss:				
Interest-rate swaps: (loss)/gain taken to other comprehensive income	14	**(26,630)**	10,357	13,879
Tax on items taken directly to other comprehensive income		**5,326**	(2,071)	(2,776)
Currency translation differences		**(852)**	–	7
Net (loss)/gain recognised directly in other comprehensive income		**(22,156)**	8,286	11,110
Profit for the period		**27,823**	26,042	41,122
Total comprehensive income for the period		**5,667**	34,328	52,232

CASH FLOW STATEMENT FOR THE 26 WEEKS ENDED 25 JANUARY 2015

	Notes	**Unaudited cash flow 26 weeks ended 25 January 2015 £000**	**Unaudited free cash flow 26 weeks ended 25 January 2015 £000**	Unaudited cash flow 26 weeks ended 26 January 2014 £000	Unaudited free cash flow 26 weeks ended 26 January 2014 £000	Audited cash flow 52 weeks ended 27 July 2014 £000	Audited free cash flow 52 weeks ended 27 July 2014 £000
Cash flows from operating activities							
Cash generated from operations	9	**92,256**	**92,256**	102,625	102,625	212,505	212,505
Interest received		**26**	**26**	56	56	78	78
Interest paid		**(16,444)**	**(16,444)**	(16,937)	(16,937)	(33,996)	(33,996)
Corporation tax paid		**(5,769)**	**(5,769)**	(8,821)	(8,821)	(18,070)	(18,070)
Gaming machine settlement		**–**		–		(16,696)	
Net cash inflow from operating activities		**70,069**	**70,069**	76,923	76,923	143,821	160,517
Cash flows from investing activities							
Purchase of property, plant and equipment		**(18,484)**	**(18,484)**	(21,824)	(21,824)	(46,300)	(46,300)
Purchase of intangible assets		**(2,885)**	**(2,885)**	(2,823)	(2,823)	(9,926)	(9,926)
Proceeds of sale of property, plant and equipment		**3**		–		505	
Investment in new pubs and pub extensions		**(59,399)**		(50,865)		(97,694)	
Freehold reversions		**(12,763)**		(7,135)		(14,823)	
Investment properties		**–**		–		(8,754)	
Purchase of lease premiums		**(257)**		(10)		(10)	
Net cash outflow from investing activities		**(93,785)**	**(21,369)**	(82,657)	(24,647)	(177,002)	(56,226)
Cash flows from financing activities							
Equity dividends paid	16	**(9,761)**		(9,987)		(14,949)	
Purchase of own shares for cancellation		**(2,413)**		(2,893)		(24,550)	
Purchase of own shares for share-based payments		**(3,444)**	**(3,444)**	(5,599)	(5,599)	(7,338)	(7,338)
Advances under bank loans	14	**37,484**		28,246		92,151	
Loan issue costs	14	**(379)**	**(379)**	(4,080)	(4,080)	(4,103)	(4,103)
Finance lease principal payments	14	**(1,401)**		(2,761)		(5,552)	
Net cash inflow/(outflow) from financing activities		**20,086**	**(3,823)**	2,926	(9,679)	35,659	(11,441)
Net change in cash and cash equivalents	**14**	**(3,630)**		(2,808)		2,478	
Opening cash and cash equivalents		**32,315**		29,837		29,837	
Closing cash and cash equivalents		**28,685**		27,029		32,315	
Free cash flow			**44,877**		42,597		92,850
Free cash flow per ordinary share	**8**		**36.5p**		33.8p		74.1p

BALANCE SHEET AS AT 25 JANUARY 2015

	Notes	Unaudited 25 January 2015 £000	Unaudited 26 January 2014 £000	Audited 27 July 2014 £000
Assets				
Non-current assets				
Property, plant and equipment	10	**1,124,542**	1,003,952	1,068,067
Intangible assets	11	**27,303**	21,368	26,838
Deferred tax assets		**11,359**	9,398	6,033
Other non-current assets	12	**9,848**	9,759	9,766
Investment property	13	**8,682**	5,757	8,713
Derivative financial instruments	14	**–**	1,905	1,723
Total non-current assets		**1,181,734**	1,052,139	1,121,140
Current assets				
Inventories		**24,082**	21,115	22,312
Other receivables		**29,072**	30,583	23,901
Cash and cash equivalents	14	**28,685**	27,029	32,315
Total current assets		**81,839**	78,727	78,528
Assets held for sale		**–**	672	–
Total assets		**1,263,573**	1,131,538	1,199,668
Liabilities				
Current liabilities				
Trade and other payables		**(249,499)**	(221,559)	(243,160)
Borrowings	14	**(2,713)**	(4,107)	(2,636)
Provisions		**(4,371)**	(6,547)	(4,442)
Derivative financial instruments	14	**–**	–	(3,149)
Current income tax liabilities		**(6,181)**	(9,134)	(3,872)
Total current liabilities		**(262,764)**	(241,347)	(257,259)
Non-current liabilities				
Borrowings	14	**(623,139)**	(522,508)	(586,230)
Derivative financial instruments	14	**(56,796)**	(35,593)	(28,740)
Deferred tax liabilities		**(84,857)**	(62,575)	(83,686)
Provisions		**(3,055)**	(3,576)	(3,055)
Other liabilities		**(13,340)**	(31,472)	(13,530)
Total non-current liabilities		**(781,187)**	(655,724)	(715,241)
Net assets		**219,622**	234,467	227,168
Shareholders' equity				
Share capital	17	**2,450**	2,513	2,460
Share premium account		**143,294**	143,294	143,294
Capital redemption reserve		**1,981**	1,918	1,971
Hedging reserve		**(45,437)**	(26,950)	(24,133)
Currency translation differences		**(845)**	–	7
Retained earnings		**118,179**	113,692	103,569
Total shareholders' equity		**219,622**	234,467	227,168

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Hedging reserve £000	Currency translation differences £000	Retained earnings £000	Total £000
At 28 July 2013	**2,521**	**143,294**	**1,910**	**(35,236)**	**–**	**102,426**	**214,915**
Total comprehensive income				8,286		26,042	34,328
Profit for the period						26,042	26,042
Interest-rate swaps: cash flow hedges				10,357			10,357
Tax on items taken directly to comprehensive income				(2,071)			(2,071)
Repurchase of shares	(8)		8			(2,879)	(2,879)
Tax on repurchase of shares						(14)	(14)
Deferred tax on share-based payments						(222)	(222)
Share-based payment charges						3,925	3,925
Purchase of shares held in trust						(5,574)	(5,574)
Tax on purchase of shares held in trust						(25)	(25)
Dividends						(9,987)	(9,987)
At 26 January 2014	**2,513**	**143,294**	**1,918**	**(26,950)**	**–**	**113,692**	**234,467**
Total comprehensive income				2,817	7	15,080	17,904
Profit for the period						15,080	15,080
Interest-rate swaps: cash flow hedges				3,522			3,522
Tax on items taken directly to comprehensive income				(705)			(705)
Currency translation differences					7		7
Repurchase of shares	(53)		53			(21,549)	(21,549)
Tax on repurchase of shares						(108)	(108)
Share-based payment charges						3,596	3,596
Deferred tax on share-based payments						(441)	(441)
Purchase of shares held in trust						(1,730)	(1,730)
Tax on purchase of shares held in trust						(9)	(9)
Dividends						(4,962)	(4,962)
At 27 July 2014	**2,460**	**143,294**	**1,971**	**(24,133)**	**7**	**103,569**	**227,168**
Total comprehensive income				(21,304)	(852)	27,823	5,667
Profit for the period						27,823	27,823
Interest-rate swaps: cash flow hedges				(26,630)			(26,630)
Tax on items taken directly to comprehensive income				5,326			5,326
Currency translation differences					(852)		(852)
Repurchase of shares	(10)		10			(4,264)	(4,264)
Tax on repurchase of shares						(21)	(21)
Deferred tax on share-based payments						380	380
Share-based payment charges						3,897	3,897
Purchase of shares held in trust						(3,427)	(3,427)
Tax on purchase of shares held in trust						(17)	(17)
Dividends						(9,761)	(9,761)
At 25 January 2015	**2,450**	**143,294**	**1,981**	**(45,437)**	**(845)**	**118,179**	**219,622**

NOTES TO THE FINANCIAL STATEMENTS

1. General information

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

The company is listed on the London Stock Exchange.

This condensed half-yearly financial information was approved for issue by the board on 12 March 2015.

This interim report does not comprise statutory accounts within the meaning of Sections 434 and 435 of the Companies Act 2006. Statutory accounts for the year ended 27 July 2014 were approved by the board of directors on 11 September 2014 and delivered to the Registrar of Companies. The report of the auditors, on those accounts, was unqualified, did not contain an emphasis-of-matter paragraph or any statement under Sections 498 to 502 of the Companies Act 2006.

There are no changes to the principal risks and uncertainties as set out in the financial statements for the 52 weeks ended 27 July 2014, which may affect the company's performance in the next six months. The most significant risks and uncertainties relate to the taxation on, and regulation of, the sale of alcohol, cost increases and UK disposable consumer incomes. For a detailed discussion of the risks and uncertainties facing the company, refer to the annual report for 2014, pages 43 and 44.

2. Basis of preparation

This condensed half-yearly financial information of J D Wetherspoon plc (the 'Company'), which is abridged and unaudited, has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with International Accounting Standards (IAS) 34, Interim Financial Reporting, as adopted by the European Union. This interim report should be read in conjunction with the annual financial statements for the 52 weeks ended 27 July 2014 which were prepared in accordance with IFRSs, as adopted by the European Union.

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

The financial information for the 52 weeks ended 27 July 2014 is extracted from the statutory accounts of the Company for that year.

The interim results for the 26 weeks ended 25 January 2015 and the comparatives for 26 January 2014 are unaudited, but have been reviewed by the independent auditors. A copy of the review report is included at the end of this report.

3. Accounting policies

With the exception of tax, the accounting policies adopted in the preparation of the interim report are consistent with those applied in the preparation of the Company's annual report for the year ended 27 July 2014 – and the same methods of computation and presentation are used.

Income tax

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

Changes in standards

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 28 July 2014 and will have a minimal impact on the financial statements:

- IFRS 10, 'Consolidated financial statements'
- Amendments to IAS 32, 'Financial instruments: Presentation'
- Amendments to IAS 36, 'Impairment to assets'
- Amendments to IAS 39, 'Financial instruments: Recognition and measurement'

The following amendments are mandatory for the first time for the financial year beginning 28 July 2014, but are not relevant for the Company:

- IFRS 11, 'Joint arrangements'
- IFRS 12, 'Disclosure of interests in other entities'
- IAS 27, 'Consolidated and separate financial statements'
- IAS 28, 'Associates and joint ventures'
- Amendments to IFRS 10, 11 and 12, on transition guidance
- Amendments to IFRS 10, 12 and IAS 27, on consolidation for investment entities
- Amendments to IAS 39, 'Employee benefits'
- IFRIC 21, 'Levies'

4. Revenue

Revenue disclosed in the income statement is analysed as follows:	**Unaudited 26 weeks ended 25 January 2015 £000**	Unaudited 26 weeks ended 26 January 2014 £000	Audited 52 weeks ended 27 July 2014 £000
Sales of food, beverages, hotel rooms and machine income	**744,367**	683,229	1,409,333

5. Exceptional items

	Unaudited 26 weeks ended 25 January 2015 £000	Unaudited 26 weeks ended 26 January 2014 £000	Audited 52 weeks ended 27 July 2014 £000
Other exceptional items			
Interest payable on gaming machine VAT repayment	**–**	1,814	997
Non-operating exceptional items	**–**	1,814	997
Income tax expense – current tax	**–**	–	(4,375)
Income tax expense – deferred tax	**–**	–	21,119
Exceptional items reported in tax	**–**	–	16,744
Total exceptional items	**–**	1,814	17,741

6. Operating profit

This is stated after charging/(crediting):	**Unaudited 26 weeks ended 25 January 2015 £000**	Unaudited 26 weeks ended 26 January 2014 £000	Audited 52 weeks ended 27 July 2014 £000
Concession rental payments	**9,126**	7,850	17,166
Minimum operating lease payments	**26,359**	26,332	52,538
Repairs and maintenance	**25,307**	26,061	56,603
Rent receivable	**(374)**	(295)	(517)
Investment property income	**(178)**	(138)	(328)
Depreciation of property, plant and equipment	**29,902**	26,630	54,459
Amortisation of intangible assets	**2,126**	1,621	3,254
Amortisation of non-current assets	**175**	148	321
Depreciation of investment properties	**31**	–	41
Share-based payment charges	**3,897**	3,925	7,869
Net impairment charges	**–**	–	1,012
Net onerous lease provision	**–**	–	(228)
Loss on disposal of fixed assets	**470**	308	645

7. Income tax expense

The taxation charge for the period ended 25 January 2015 is based on the pre-exceptional profit before tax of £37.5m and the estimated effective tax rate before exceptional items for the year ending 26 July 2015 of 25.7% (2014: 25.8%). This comprises a pre-exceptional current tax rate of 21.6% (July 2014: 21.4%) and a pre-exceptional deferred tax charge of 4.1% (July 2014: 4.4%).

The UK standard weighted average tax rate for the period is 20.7% (2014: 22.3%). The current tax rate is higher than the UK standard weighted average tax rate, owing mainly to depreciation which is not eligible for tax relief and unrecognised overseas losses.

	Unaudited 26 weeks ended 25 January 2015 £000	Unaudited 26 weeks ended 26 January 2014 £000	Audited 52 weeks ended 27 July 2014 £000
Current tax	**8,184**	8,642	17,004
Current tax on exceptional items	**–**	–	(4,375)
Prior year adjustment	**(106)**	–	–
Deferred tax			
Origination and reversal of temporary differences	**1,551**	1,285	3,495
Deferred tax on exceptional items	**–**	–	21,119
Tax charge in the income statement	**9,629**	9,927	37,243

8. Earnings and free cash flow per share

Earnings per share in the chairman's statement have been calculated using the weighted average number of shares in issue of 122,876,804 (2014: 125,897,616) which include 4,282,562 (2014: 4,388,934) shares held in trust, in respect of the employee Share Incentive Plan and the 2005 Deferred Bonus Scheme.

Weighted average number of shares	**Unaudited 26 weeks ended 25 January 2015**	Unaudited 26 weeks ended 26 January 2014	Audited 52 weeks ended 27 July 2014
Shares in issue (used for diluted EPS)	**122,876,804**	125,897,616	125,312,581
Shares held in trust	**(4,282,562)**	(4,388,934)	(4,174,284)
Shares in issue less shares held in trust (used for basic EPS)	**118,594,242**	121,508,682	121,138,297

The weighted average number of shares held in trust for employee share schemes has been adjusted to exclude those shares which have vested but which remain in the trust.

26 weeks ended 25 January 2015 (unaudited)	Profit £000	Basic EPS pence per ordinary share	Diluted EPS pence per ordinary share
Earnings (profit after tax)	27,823	23.5	22.6
Exclude effect of exceptional items after tax	–	–	–
Adjusted earnings before exceptional items	27,823	23.5	22.6

8. Earnings and free cash flow per share (continued)

26 weeks ended 26 January 2014 (unaudited)	Profit £000	Basic EPS pence per ordinary share	Diluted EPS pence per ordinary share
Earnings (profit after tax)	26,042	21.4	20.7
Exclude effect of exceptional items after tax	1,814	1.5	1.4
Adjusted earnings before exceptional items	27,856	22.9	22.1

52 weeks ended 27 July 2014 (audited)	Profit £000	Basic EPS pence per ordinary share	Diluted EPS pence per ordinary share
Earnings (profit after tax)	41,122	33.9	32.8
Exclude effect of exceptional items after tax	17,741	14.7	14.2
Adjusted earnings before exceptional items	58,863	48.6	47.0

Free cash flow per share	**26 weeks ended 25 January 2015**	26 weeks ended 26 January 2014	52 weeks ended 27 July 2014
Free cash flow (£000)	**44,877**	42,597	92,850
Free cash flow per share (p)	**36.5**	33.8	74.1

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

9. Cash generated from operations

	Unaudited 26 weeks ended 25 January 2015 £000	Unaudited 26 weeks ended 26 January 2014 £000	Audited 52 weeks ended 27 July 2014 £000
Profit for the period	**27,823**	26,042	41,122
Tax	**9,629**	9,927	37,243
Exceptional items	**–**	1,814	997
Net finance costs	**17,637**	17,933	36,213
Depreciation, amortisation and impairment	**32,234**	28,399	59,087
Share-based payment charges	**3,897**	3,925	7,521
Loss on disposal of fixed assets	**470**	308	645
	91,690	88,348	182,828
Change in inventories	**(1,770)**	(1,258)	(2,455)
Change in receivables	**(5,171)**	(6,643)	39
Change in payables	**7,507**	22,178	32,093
Net cash inflow from operating activities	**92,256**	102,625	212,505

10. Property, plant and equipment

	£000
Net book amount at 28 July 2013 (audited)	956,928
Additions	73,962
Disposals	(308)
Depreciation, impairment and other movements	(26,630)
Net book amount at 26 January 2014 (unaudited)	1,003,952
Additions and transfer from held for sale	93,556
Disposals	(420)
Depreciation, impairment and other movements	(29,021)
Net book amount at 27 July 2014 (audited)	1,068,067
Additions	86,850
Disposals	(473)
Depreciation, impairment and other movements	(29,902)
Net book amount at 25 January 2015 (unaudited)	**1,124,542**

11. Intangible assets

	£000
Net book amount at 28 July 2013 (audited)	20,166
Additions	2,823
Amortisation, impairment and other movements	(1,621)
Net book amount at 26 January 2014 (unaudited)	21,368
Additions	7,103
Amortisation, impairment and other movements	(1,633)
Net book amount at 27 July 2014 (audited)	26,838
Additions	2,591
Amortisation, impairment and other movements	(2,126)
Net book amount at 25 January 2015 (unaudited)	**27,303**

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

12. Other non-current assets

	Unaudited 25 January 2015 £000	Unaudited 26 January 2014 £000	Audited 27 July 2014 £000
Leasehold premiums	**9,848**	9,759	9,766

13. Investment property

	Unaudited 25 January 2015 £000	Unaudited 26 January 2014 £000	Audited 27 July 2014 £000
Investment property	**8,682**	5,757	8,713

14. Analysis of changes in net debt

	27 July 2014 £000	Cash flows £000	Non-cash movement £000	25 January 2015 £000
Cash at bank	32,315	(3,630)	–	**28,685**
Bank debt	(584,167)	(37,105)	(1,190)	**(622,462)**
	(551,852)	(40,735)	(1,190)	**(593,777)**
Finance lease creditor	(4,699)	1,401	(92)	**(3,390)**
Net borrowings	(556,551)	(39,334)	(1,282)	**(597,167)**
Derivative – interest-rate swaps	(30,166)	–	(26,630)	**(56,796)**
Net debt	(586,717)	(39,334)	(27,912)	**(653,963)**

There were no changes in the hedging arrangements during the current financial period. The £26.6m non-cash movement on the interest-rate swap arises from the movement in fair value of the swaps.

15. Fair values

The table below highlights any differences between the book value and fair value of financial instruments.

	Unaudited 25 January 2015 Book value £000	Unaudited 25 January 2015 Fair value £000	Unaudited 26 January 2014 Book value £000	Unaudited 26 January 2014 Fair value £000
Financial assets				
Cash and cash equivalents	**28,685**	**28,685**	27,029	27,029
Trade receivables	**2,555**	**2,555**	2,554	2,554
Financial liabilities at amortised cost				
Trade and other payables	**(204,873)**	**(204,873)**	(182,492)	(182,492)
Finance lease obligations	**(3,390)**	**(3,477)**	(7,490)	(7,580)
Long-term borrowings	**(622,462)**	**(646,130)**	(519,125)	(522,457)
Financial liabilities at fair value through profit or loss				
Interest-rate swaps	**(56,796)**	**(56,796)**	(33,688)	(33,688)

The fair value of finance leases has been calculated by discounting the expected cash flows at the period end's prevailing interest rates.

The fair value of derivatives has been calculated by discounting all future cash flows by the market yield curve at the balance sheet date.

The fair value of borrowings has been calculated by discounting the expected future cash flows at the period end's prevailing interest rates.

Interest-rate swaps

At 25 January 2015, the Company had fixed-rate swaps designated as hedges of floating-rate borrowings. The floating-rate borrowings are interest-bearing borrowings at rates based on LIBOR, fixed for periods of one month. The interest-rate swaps of the floating-rate borrowings were assessed to be effective.

Changes in valuation of swaps	**Change in fair value £000**	**Deferred tax £000**	**Total £000**
Fair value at 26 January 2014 (unaudited)	(33,688)	6,738	(26,950)
Gain taken directly to other comprehensive income	3,522	(705)	2,817
Fair value at 27 July 2014 (audited)	(30,166)	6,033	(24,133)
Loss taken directly to other comprehensive income	(26,630)	5,326	(21,304)
Fair value at 25 January 2015 (unaudited)	**(56,796)**	**11,359**	**(45,437)**

Fair value of financial assets and liabilities

Effective from 27 July 2009, the Company adopted the amendment to IFRS 7 for financial instruments which are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level, using the following fair value measurement hierarchy:

- Quoted prices in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included in level 1 which are observable for the asset or liability, either directly or indirectly (level 2)
- Inputs for the asset or liability which are not based on observable market data (level 3)

The fair value of the interest-rate swaps of £56.8m is considered to be level 2. All other financial assets and liabilities are measured in the balance sheet at amortised cost.

16. Dividends paid and proposed

	Unaudited 26 weeks ended 25 January 2015 £000	Unaudited 26 weeks ended 26 January 2014 £000	Audited 52 weeks ended 27 July 2014 £000
Paid in the period			
2013 final dividend	–	9,987	9,987
2014 interim dividend	–	–	4,962
2014 final dividend	9,761	–	–
	9,761	9,987	14,949
Dividends in respect of the period			
Interim dividend	4,744	4,970	–
Final dividend	–	–	9,761
	4,744	4,970	9,761
Dividend per share	4p	4p	8p

17. Share capital

	Number of shares 000s	Share capital £000
Opening balance at 28 July 2013 (audited)	126,036	2,521
Repurchase of shares	(411)	(8)
Balance at 26 January 2014 (unaudited)	125,625	2,513
Repurchase of shares	(2,657)	(53)
Balance at 27 July 2014 (audited)	122,968	2,460
Repurchase of shares	(92)	(10)
Closing balance at 25 January 2015 (unaudited)	**122,876**	**2,450**

All issued shares are fully paid.

18. Related-party disclosure

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

19. Capital commitments

The Company had £1.2m of capital commitments for which no provision had been made, in respect of property, plant and equipment, at 25 January 2015 (2014: £Nil).

The Company has some sites in the property pipeline; however, any legal commitment is contingent on planning and licensing. Therefore, there are no commitments at the balance sheet date, in respect of these sites.

20. Events after the balance sheet date

Following the period's end, the Company concluded an amendment and extension of its existing banking facility. A new non-amortising £820m facility was arranged, expiring in February 2020. The facility is syndicated by a total of 11 lenders. Our £20m overdraft remains in place.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors confirm that this condensed interim financial information has been prepared in accordance with IAS 34, as adopted by the European Union, and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events which have occurred during the first 26 weeks and their impact on the condensed set of financial statements, plus a description of the changes in principal risks and uncertainties for the remaining 26 weeks of the financial year.
- material related-party transactions in the first 26 weeks and any material changes in the related-party transactions described in the last annual report.

The directors of J D Wetherspoon plc are listed in the J D Wetherspoon annual report for 27 July 2014, with the exception of Kirk Davis, who resigned on 11 November 2014. A list of current directors is maintained on the J D Wetherspoon plc website: www.jdwetherspoon.co.uk

By order of the board

John Hutson
Director
12 March 2015

INDEPENDENT REVIEW REPORT TO J D WETHERSPOON PLC

Report on the Interim Report 2015

Our conclusion
We have reviewed the condensed consolidated interim financial statements, defined below, in the Interim Report 2015 of J D Wetherspoon plc for the 26 weeks ended 25th January 2015. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed
The condensed consolidated interim financial statements, which are prepared by J D Wetherspoon plc, comprise:

- the balance sheet as at 25th January 2015;
- the income statement and statement of comprehensive income for the period then ended;
- the cash flow statement for the period then ended;
- the statement of changes in equity for the period then ended; and
- the explanatory notes to the condensed consolidated interim financial statements.

As disclosed in note 2, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed consolidated interim financial statements included in the Interim Report 2015 have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of condensed consolidated financial statements involves
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Report 2015 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

Responsibilities for the condensed consolidated interim financial statements and the review

Our responsibilities and those of the directors
The Interim Report 2015, including the condensed consolidated interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Report 2015 in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the company a conclusion on the condensed consolidated interim financial statements in the Interim Report 2015 based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
12 March 2015
St.Albans

Notes:

(a) The maintenance and integrity of the J D Wetherspoon plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

PUBS OPENED SINCE 27 JULY 2014

Name	Address	Town	Postcode
The Saltoun Inn	Saltoun Square	Fraserburgh	AB43 9DA
The Chief Justice of the Common Pleas	2 Bank Street	Keswick	CA12 5JY
The Saxon Crown	100 Elizabeth Street	Corby	NN17 1FN
The Dairyman	16–18 High Street	Brentwood	CM14 4AB
The Picture House	117–117a Queen Street	Morley	LS27 8HE
The Pump House	Unit 1, Parkgate Development, Stratford Road	Shirley	B90 3AQ
The Old Unicorn	165 Town Street	Bramley	LS13 3NA
The Star	105 High Street	Hoddesdon	EN11 8TN
The Forty Foot	The Pavilion Centre, Marine Road	Dún Laoghaire	
The John Fairweather	52–58 Main Street	Cambuslang	G72 7EP
The Sawyer's Arms	3–4 Commercial Street	Maesteg	CF34 9DF
The Twelve Tellers	14–15 Church Street	Preston	PR1 3BQ

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