14 March 2014 **PRESS RELEASE**

J D WETHERSPOON PLC
INTERIM RESULTS
(For the 26 weeks ended 26 January 2014)

FINANCIAL HIGHLIGHTS

• Revenue £683.2m (2013: £626.4m)	+9.1%
• Like-for-like sales	+5.2%
• Operating profit £55.7m (2013: £52.1m)	+7.0%
• Profit before tax & exceptional items £37.8m (2013: £34.8m)	+8.5%
• Earnings per share 22.1p (2013: 20.0p)	+10.5%
• Interim dividend 4.0p (2013: 4.0p)	Maintained

After exceptional items

• Profit before tax £36.0m (2012: £34.8m)	+3.2%
• Earnings per share 20.7p (2013: 20.0p)	+3.5%

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

"The first half of the financial year resulted in a good sales performance and reasonable growth in profits and free cash flow.

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 a level tax playing field will create more jobs and taxes for the country.

In the six weeks to 9 March 2014, like-for-like sales increased by 6.7%, with total sales increasing by 11.6%.

We expect taxation and input costs to rise and the comparisons against a strong second half result in the last financial year will be more difficult. Despite these factors, the company continues to expect to achieve a reasonable outcome in the current financial year and has a solid platform for future growth."

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Photographs are available at: www.newscast.co.uk

Notes to editors

1. JD Wetherspoon owns and operates pubs throughout the UK. The Company aims to provide customers with good-quality food and drink, served by well-trained and friendly staff, at reasonable prices. The pubs are individually designed and the Company aims to maintain them in excellent condition.
2. Visit our website www.jdwetherspoon.co.uk
3. This announcement has been prepared solely to provide additional information to the shareholders of JD Wetherspoon, in order to meet the requirements of the UK Listing Authority's Disclosure and Transparency Rules. It should not be relied on by any other party, for other purposes. Forward-looking statements have been made by the directors in good faith using information available up until the date that they approved this statement. Forward-looking statements should be regarded with caution because of inherent uncertainties in economic trends and business risks.
4. The next Interim Management Statement will be issued on 7 May 2014

CHAIRMAN'S STATEMENT AND OPERATING REVIEW

In the 26 weeks ended 26 January 2014, like-for-like sales increased by 5.2%, with total sales, including new pubs, increasing by 9.1% to £683.2 million (2013: £626.4 million). Like-for-like bar sales increased by 3.6% (2013: 4.1%), food sales by 10.5% (2013: 13.4%) and fruit/slot machine sales decreased by 9.5% (2013: increased by 4.4%).

Operating profit increased by 7.0% to £55.7 million (2013: £52.1 million). The operating margin was 8.2% (2013: 8.3%).

Profit before tax and exceptional items increased by 8.5% to £37.8 million (2013: £34.8 million) and after exceptional items increased by 3.2% to £36.0 million (2013: £34.8 million).

Earnings per share, before exceptional items, increased by 10.5% to 22.1p (2013: 20.0p). Earnings per share after exceptional items, often called "basic earnings per share" increased by 3.5% to 20.7p (2013: 20.0p).

The above calculations of earnings per share are based on all shares in issue, including those which have been previously purchased by Wetherspoons for employees and are now held in trust for them. Accounting standards require earnings per share also to be calculated excluding the shares held in trust (see note 8 to the accounts). This calculation is based on the fiction that the shares held in trust do not exist which they do. Therefore, I do not believe this latter definition of earnings per share has any relevance for Wetherspoon's shareholders and is confusing to a reader.

As illustrated in the table in the tax section below, the company paid taxes of £294.8 million in the period under review, compared with £274.9 million in the same period last year – an increase which is far greater than profit growth.

Net interest, excluding the interest due to HMRC referred to in the paragraph below, was covered 3.1 times by operating profit (2013: 3.0 times). Total capital investment was £82.7 million in the period (2013: £36.3 million), with £58.0 million spent on freeholds and new pub openings (2013: £19.1 million) and £24.7 million on existing pubs (2013: £17.2 million).

Exceptional items before tax totalled £1.8 million (2013: nil) and relate 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 £24.7 million on existing pubs and payments of tax and interest, increased to £46.7 million (2013: £22.6 million), helped by the favourable timing of payments to creditors. Free cash flow per share was 37.1p (2013: 17.9p).

Dividends
The board declared an interim dividend of 4.0p per share for the current interim financial period ending 26 January 2014 (2013: 4.0p per share). The interim dividend will be paid on 29 May 2014 to those shareholders on the register at 2 May 2014. The dividend was covered 5.4 times by profit (2013: 5.2 times).

Corporation tax
We expect the overall corporation tax charge for the financial year, including current and deferred taxation, to be approximately 26.3% before exceptional items (July 2013: 26.6%). 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 26 January 2014, the company's net bank borrowings (including finance leases) were £499.6 million, an increase of £25.4 million compared with those of the previous year end (28 July 2013: £474.2 million). Our net-debt-to-EBITDA ratio was 2.93 times at the period's end.

Property
During the period, we opened 19 new pubs, bringing the number of pubs open at the period's end to 905. As previously indicated, we expect to open approximately 40–50 pubs in this financial year.

Taxes and regulation
Wetherspoon, along with many companies involved in the pub and restaurant business, has highlighted the high levels of taxes which pubs pay, in comparison with those of 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.

Unfortunately, possibly without realising the consequences of its actions, the government recently introduced both a 'late-night levy' and additional fruit/slot machine taxes, which further reduce the competitive position of pubs in relation to supermarkets.

It seems to be widely acknowledged by economists, politicians and others 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:

	2014 First half £m	2013 First half £m
VAT	133.6	126.1
Alcohol duty	77.9	74.7
PAYE and NIC	38.0	34.7
Business rates	22.5	23.4
Corporation tax	8.8	8.6
Machine duty	6.4	1.8
Climate change levy	3.0	2.1
Carbon tax	1.3	1.3
Stamp duty	1.2	0.3
Fuel duty	1.1	1.0
Landfill tax	0.7	0.6
Premise licence and TV licences	0.3	0.3
TOTAL TAX	£294.8m	£274.9m
PROFIT AFTER TAX	£27.9m	£25.2m

Further progress
The company continues to invest heavily in IT, in order to improve many areas of the business. Examples of progress in this area include improved accounting systems, faster credit-card payments and better management of repairs and maintenance.

We have increased our investment in buildings and equipment, having spent £26.1 million on repairs (2013: £22.8 million) and £24.6 million on refurbishments and improvements (2013: £17.2 million).

We continue to invest heavily in training, including diploma and degree courses for eligible employees and enhanced kitchen training in our new Catering Academy, as well as running specific training courses in areas such as coffee and real ale. We also paid £14.0 million (2013: £13.0 million) in bonuses and free shares to employees, 97% of which was paid to those below board level and 87% paid to those working in our pubs.

The company has received a record number of recommendations in CAMRA's Good Beer Guide 2014. The company continues to improve its hygiene ratings in respect of the local-authority-run scheme Scores on the Doors. Of the 811 pubs which have been officially rated, 726 have received a maximum score of five out of five. Where standards occasionally fall below the levels required, we make strenuous efforts to improve.

Property litigation
As previously reported, the company agreed on an out-of-court settlement with developer Anthony Lyons, formerly of Davis Coffer Lyons, in 2013, receiving approximately £1.25 million from Mr Lyons. The payment related to litigation in which Wetherspoon claimed that Mr Lyons had been an accessory to frauds committed by Wetherspoon's former retained agent Van de Berg and its directors Christian Braun, George Aldridge and Richard Harvey. Mr Lyons denied the claims – and the litigation was contested.

The claim related to properties in Portsmouth, Leytonstone and Newbury. The Portsmouth property was involved in the 2008/9 Van de Berg case itself. In that case, Mr Justice Peter Smith found that Van de Berg, but not Mr Lyons (who was not a party to the case), fraudulently diverted the freehold from Wetherspoon to Moorstown Properties Limited, a company owned by Simon Conway. Moorstown leased the premises to Wetherspoon, which it currently trades as the Isambard Kingdom Brunel. The Portsmouth property was subsequently sold by Moorstown a few months later, with the benefit of a lease to Wetherspoon, for a substantial profit. In Mr Lyons' Defence, he stated that shares in Moorstown were transferred, prior to the onward sale of the freehold, to Northcreek, which Companies House shows was owned by Roger Myers and his family. Mr Myers was the Chairman of Pelican, the company which owned Cafe Rouge.

Whilst Wetherspoon did not and is not alleging that Mr Myers or Mr Conway are dishonest, it would like an explanation of how Moorstown, a company which benefitted from the Portsmouth fraud by VDB, ended up belonging to the family of Myers.

The properties in Leytonstone and Newbury (the other properties in the case against Mr Lyons) were not pleaded in the 2008/9 Van de Berg case. Leytonstone was leased to Wetherspoon and trades today as The Walnut Tree public house. Newbury was leased to Pelican plc and became a Café Rouge.

In 2013, the company also agreed to settle its claim against property investor Jason Harris, formerly of First London and now of First Urban Group, for £400,000. Wetherspoon alleged that Harris was an accessory to frauds committed by Van de Berg.

Harris contested the claim and has not admitted liability.

In 2012, Wetherspoon also agreed on a settlement with Paul Ferrari, of London estate agent Ferrari, Dewe & Co, in respect of properties referred to as the ‘Ferrari Five’ by Mr Justice Peter Smith, in the Van de Berg case.

Further information about these cases is available in an article which I wrote for the trade publication Propel; this is reproduced on page 6 of this report.

Current trading and outlook
The first half of the financial year resulted in a good sales performance and reasonable growth in profits and free cash flow.

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 a level tax playing field will create more jobs and taxes for the country.

In the six weeks to 9 March 2014, like-for-like sales increased by 6.7%, with total sales increasing by 11.6%.

We expect taxation and input costs to rise – and the comparisons against a strong second-half result in the last financial year will be more difficult. Despite these factors, the company continues to expect to achieve a reasonable outcome in the current financial year and has a solid platform for future growth.

Tim Martin
Chairman
13 March 2014

Lessons in the property market, by Tim Martin
(Originally published in the trade publication Propel on 22 May 2013)

J D Wetherspoon has always been a buyer of freeholds. Our second, third and fourth pubs were freehold and, by the time of our 1992 flotation, 20 of our 44 pubs were freehold.

I negotiated our first 20 or so pubs myself, dealing directly with the owners' agents, before employing Christian Braun, of Van de Berg & Co (VDB), in about 1990. Little did I realise that Braun was a double agent or 'mole', who was to burrow deep into our organisation, undermining the very property foundations which underpin any retailer.

Following a tip-off, in 2005, we terminated VDB's contract and undertook a review of all of our 600 or so property transactions, using a team of up to a dozen legal and paralegal staff. We discovered about 50 'back-to-back' transactions, in which freeholds, which were available to buy, had been diverted by VDB to third parties, which had acquired them at the same time as JDW had taken a lease – the rent being set at a level which created an immediate uplift in the value of the reversion.

Proceedings were issued against VDB and its directors, Braun, George Aldridge and Richard Harvey, in respect of about a dozen of these transactions. In a 136-page judgment, Mr Justice Peter Smith found that VDB had fraudulently diverted properties to several third parties, but he made no findings against the third parties themselves.

Following Mr Justice Smith's judgment, JDW issued proceedings against several third parties: Paul Ferrari of Braun's former employer Ferrari Dewe & Co; Anthony Lyons, formerly of Davis Coffer Lyons; Jason Harris, formerly of First London.

Liability was denied by all. The cases were contested and settled out of court. JDW received substantial payments in all three cases.

Some of the pleaded properties in the VDB case, referred to by the judge as the 'Ferrari Five', involved Jersey companies with nominee owners who were connected to Ferrari. Each of the Jersey companies had a different name – and care was taken to use different lawyers and nominees.

Profits from the purchasing companies were usually channelled to a Jersey holding company called Gecko, with money then transferred as loans or fees to companies controlled by VDB's directors.

In my opinion, the Lyons case is the most interesting for the property market and for prospective tenants and purchasers. Lyons stated, in his defence, that he was acting in his capacity as an employee and in accordance with his duties to Davis and Coffer (now Davis Coffer Lyons).

The Lyons case concerned properties in Portsmouth, Leytonstone and Newbury, two of which became JDW pubs, with the third becoming a Café Rouge. The Portsmouth property belonged to British Gas – and Mr Justice Smith found that VDB had bid for the freehold, unbeknown to JDW, and, once the bid was accepted, agreed with Lyons for JDW to take a lease and for the freehold to be acquired by Moorstown Properties, owned by a friend, and subsequently a colleague, of Lyons – Simon Conway. No findings were made against Lyons, or indeed Conway, in the VDB case, and neither person was a party to the case.

Portsmouth was subsequently sold by Moorstown to Scottish American Investment Company, a few months later, with the benefit of a lease to JDW for a substantial profit. Illustrating the Byzantine complexity of the transactions, Lyons' defence stated that shares in Moorstown were "transferred", before the sale was completed, to Northcreek which, Companies House shows, was owned by Roger Myers, then chairman of Café Rouge owner Pelican, and his family.

The Newbury property was acquired by Riverside Stores, a company connected to Conway, and was leased at around the same time to Café Rouge.

Newbury was sold shortly after completion for a substantial profit.

JDW did not allege, and is not alleging, that the Portsmouth and Newbury transactions are connected and is not alleging that Davis Coffer Lyons, Myers or Conway are dishonest, but it is a matter of public importance, as well as of importance to JDW and its shareholders, for there to be an explanation about the circumstances in which Moorstown, a company which clearly benefited from the Portsmouth fraud by VDB, ended up belonging to the family of Myers.

A key legal and ethical question for the property market which emerges from these cases concerns the obligations of estate agents and investors, in circumstances in which a freehold property is first offered to a friend or colleague of an agent, who agrees to acquire it, and the property is then offered by the agent to a company like Wetherspoon on a 'back-to-back' basis. What are the obligations of the introducing agent? In broad terms, the third parties in the Wetherspoon litigation argued that they owed no duties or obligations to Wetherspoon and were not, therefore, liable to us. The great risk which all agents and investors run, in these circumstances, is that the retained agent, VDB in this instance, may itself be dishonest.

If so, this may open up the possibility of a claim by an aggrieved ‘end user’, such as Wetherspoon, that the introducing agent participated in the dishonesty of the retained agent.

JDW has lost many tens of millions of pounds as a result of the VDB frauds. Rent reviews and ‘yield compression’ have exacerbated the damage over the years.

Our experience teaches several lessons. First, buyers and tenants should ask their agents to confirm in writing that they have no direct or indirect interest in any property which they are acquiring and should ask their lawyers to take particular interest, if a freehold is changing hands at the same time as they are acquiring a lease or, indeed, the freehold.

Professionals and investors should also obtain confirmation in writing from the ‘end user’ in back-to-back deals that they have consented to the transaction. Take the retained agent’s word for it at your peril.

INCOME STATEMENT for the 26 weeks ended 26 January 2014

	Notes	**Unaudited 26 weeks ended 26 January 2014 £000**	Unaudited 26 weeks ended 27 January 2013 £000	Audited 52 weeks ended 28 July 2013 £000
Revenue	4	**683,229**	626,397	1,280,929
Operating costs		**(627,513)**	(574,321)	(1,169,619)
Operating profit before exceptional items	6	**55,716**	52,076	111,310
Operating exceptional items	5	**–**	–	(19,800)
Operating profit		**55,716**	52,076	91,510
Finance income		**47**	61	118
Finance costs		**(17,980)**	(17,300)	(34,485)
Non-operating exceptional items	5	**(1,814)**	–	–
Profit before tax		**35,969**	34,837	57,143
Income tax expense	7	**(9,927)**	(9,636)	(10,955)
Profit for the period		**26,042**	25,201	46,188
Basic earnings per share (pence)	8	**21.7**	20.8	38.3
Diluted basic earnings per shares (pence)	8	**20.7**	20.0	36.6

STATEMENT OF OTHER COMPREHENSIVE INCOME for the 26 weeks ended 26 January 2014

	Notes	**Unaudited 26 weeks ended 26 January 2014 £000**	Unaudited 26 weeks ended 27 January 2013 £000	Audited 52 weeks ended 28 July 2013 £000
Items which will be reclassified subsequently to profit or loss				
Interest-rate swaps: gain taken to other comprehensive income	14	**10,357**	9,274	21,984
Tax on items taken directly to other comprehensive income		**(2,071)**	(2,133)	(6,378)
Net gain recognised directly in other comprehensive income		**8,286**	7,141	15,606
Profit for the period		**26,042**	25,201	46,188
Total comprehensive income for the period		**34,328**	32,342	61,794

CASH FLOW STATEMENT for the 26 week ended 26 January 2014

	Notes	**Unaudited 26 weeks ended 26 January 2014 £000**	**Free cash flow unaudited 26 weeks ended 26 January 2014 £000**	Unaudited 26 weeks ended 27 January 2013 £000	Free cash flow unaudited 26 weeks ended 27 January 2013 £000	Audited 52 weeks ended 28 July 2013 £000	Free cash flow audited 52 weeks ended 28 July 2013 £000
Cash flows from operating activities							
Cash generated from operations	9	**102,625**	**102,625**	64,360	64,360	164,922	164,922
Interest received		**56**	**56**	62	62	122	122
Interest paid		**(16,937)**	**(16,937)**	(15,398)	(15,398)	(31,569)	(31,569)
Corporation tax paid		**(8,821)**	**(8,821)**	(8,615)	(8,615)	(18,370)	(18,370)
Purchase of own shares for share-based payments		**(5,599)**	**(5,599)**	(628)	(628)	(8,825)	(8,825)
Net cash inflow from operating activities		**71,324**	**71,324**	39,781	39,781	106,280	106,280
Cash flows from investing activities							
Purchase of property, plant and equipment		**(21,824)**	**(21,824)**	(14,905)	(14,905)	(35,051)	(35,051)
Purchase of intangible assets		**(2,823)**	**(2,823)**	(2,293)	(2,293)	(5,880)	(5,880)
Purchase of lease premiums		**(10)**		(21)		(93)	
Proceeds of sale of property, plant and equipment		**–**		–		645	
Investment in new pubs and pub extensions		**(58,000)**		(19,033)		(60,795)	
Net cash outflow from investing activities		**(82,657)**	**(24,647)**	(36,252)	(17,198)	(101,174)	(40,931)
Cash flows from financing activities							
Equity dividends paid	16	**(9,987)**		(10,021)		(15,053)	
Purchase of own shares		**(2,893)**		–		–	
Advances under bank loans	14	**28,246**		7,509		17,585	
Finance costs on new loan	14	**(4,080)**		–		–	
Finance lease principal payments	14	**(2,761)**		(2,921)		(5,841)	
Net cash inflow/(outflow) from financing activities		**8,525**		(5,433)		(3,309)	
Net change in cash and cash equivalents	14	**(2,808)**		(1,904)		1,797	
Opening cash and cash equivalents		**29,837**		28,040		28,040	
Closing cash and cash equivalents		**27,029**		26,136		29,837	
Free cash flow			**46,677**		22,583		65,349
Free cash flow per ordinary share	8		**37.1p**		17.9p		51.8p

BALANCE SHEET as at 26 January 2014

	Notes	**Unaudited 26 January 2014 £000**	Unaudited 27 January 2013 £000	Audited 28 July 2013 £000
Assets				
Non-current assets				
Property, plant and equipment	10	**1,003,952**	932,063	956,928
Intangible assets	11	**21,368**	17,995	20,166
Deferred tax assets		**9,398**	14,073	11,531
Other non-current assets	12	**9,759**	10,537	9,897
Derivative financial instruments	14	**1,905**	–	–
Investment property	13	**5,757**	–	–
Total non-current assets		**1,052,139**	974,668	998,522
Current assets				
Inventories		**21,115**	20,655	19,857
Other receivables		**30,583**	26,866	23,940
Assets held for sale		**672**	2,076	422
Cash and cash equivalents	14	**27,029**	26,136	29,837
Total current assets		**79,399**	75,733	74,056
Total assets		**1,131,538**	1,050,401	1,072,578
Liabilities				
Current liabilities				
Trade and other payables		**(228,106)**	(197,094)	(207,947)
Borrowings	14	**(4,107)**	(5,660)	(5,552)
Current income tax liabilities		**(9,134)**	(9,845)	(9,313)
Total current liabilities		**(241,347)**	(212,599)	(222,812)
Non-current liabilities				
Borrowings	14	**(522,508)**	(490,406)	(498,498)
Derivative financial instruments	14	**(35,593)**	(56,755)	(44,045)
Deferred tax liabilities		**(62,575)**	(68,147)	(61,131)
Other liabilities		**(35,048)**	(28,621)	(31,177)
Total non-current liabilities		**(655,724)**	(643,929)	(634,851)
Net assets		**234,467**	193,873	214,915
Shareholders' equity				
Share capital	17	**2,513**	2,521	2,521
Share premium account		**143,294**	143,294	143,294
Capital redemption reserve		**1,918**	1,910	1,910
Hedging reserve		**(26,950)**	(43,701)	(35,236)
Retained earnings		**113,692**	89,849	102,426
Total shareholders' equity		**234,467**	193,873	214,915

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Hedging reserve £000	Retained earnings £000	Total £000
At 29 July 2012	**2,521**	**143,294**	**1,910**	**(50,842)**	**72,761**	**169,644**
Total comprehensive income				7,141	25,201	32,342
Profit for the period					25,201	25,201
Interest-rate swaps: cash flow hedges				9,274		9,274
Tax on items taken directly to comprehensive income				(2,133)		(2,133)
Share-based payment charges					2,536	2,536
Purchase of shares held in trust					(624)	(624)
Tax on purchase of shares held in trust					(4)	(4)
Dividends					(10,021)	(10,021)
At 27 January 2013	**2,521**	**143,294**	**1,910**	**(43,701)**	**89,849**	**193,873**
Total comprehensive income				8,465	20,987	29,452
Profit for the period					20,987	20,987
Interest-rate swaps: cash flow hedges				12,710		12,710
Tax on items taken directly to comprehensive income				(4,245)		(4,245)
Share-based payment charges					4,003	4,003
Deferred tax on share-based payments					816	816
Purchase of shares held in trust					(8,163)	(8,163)
Tax on purchase of shares held in trust					(34)	(34)
Dividends					(5,032)	(5,032)
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**

Notes

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 13 March 2014.

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 28 July 2013 were approved by the board of directors on 13 September 2013 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 28 July 2013, 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 2013, pages 40 and 41.

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 28 July 2013 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 28 July 2013 is extracted from the statutory accounts of the Company for that year.

The interim results for the 26 weeks ended 26 January 2014 and the comparatives for 27 January 2013 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 and investment property, 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 28 July 2013 – 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.

Investment property
Investment property is stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of the property includes the acquisition price and any directly attributable expenditure. Depreciation is charged in line with the policy for all properties owned by the Company.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 29 July 2013 and will have a minimal impact on the financial statements:

- Amendment to IFRS13
  'Fair Value Measurement'

- Annual Improvements 2011

The following amendment is mandatory for the first time for the financial year beginning 29 July 2013, but is not relevant for the Company:

- Amendment to IAS 19 'Employee Benefits'

4. Revenue

Revenue disclosed in the income statement is analysed as follows:	**Unaudited 26 weeks ended 26 January 2014 £000**	Unaudited 26 weeks ended 27 January 2013 £000	Audited 52 weeks ended 28 July 2013 £000
Sales of food, beverages, hotel rooms and machine income	**683,229**	626,397	1,280,929

The Company trades in one business segment (that of operating managed public houses) and one geographical segment (being the United Kingdom).

5. Exceptional items

	Unaudited 26 weeks ended 26 January 2014 £000	Unaudited 26 weeks ended 27 January 2013 £000	Audited 52 weeks ended 28 July 2013 £000
Operating items			
Property impairment	–	–	15,551
Onerous lease provision	–	–	3,278
Loss on disposal of property, plant and equipment	–	–	971
Other exceptional items			
Interest payable on gaming machine VAT repayment	1,814	–	–
	1,814	–	19,800

The exceptional item of £1.8m relates to interest payable in respect of £15.7m received from HMRC in April 2010, pending the outcome of its appeal with respect to VAT on gaming machine revenue.

In October 2013 HMRC was successful in the Court of Appeal and has informed management that it will seek to recover the amounts previously paid, including interest.

6. Operating profit before exceptional items

This is stated after charging/(crediting):	**Unaudited 26 weeks ended 26 January 2014 £000**	Unaudited 26 weeks ended 27 January 2013 £000	Audited 52 weeks ended 28 July 2013 £000
Concession rental payments	**7,850**	7,405	15,054
Operating lease payments	**26,332**	26,803	53,707
Repairs and maintenance	**26,061**	22,794	48,030
Rent receivable	**(295)**	(259)	(623)
Investment property income	**(138)**	–	–
Depreciation of property, plant and equipment	**26,630**	24,273	50,084
Amortisation of intangible assets	**1,621**	1,234	2,650
Amortisation of non-current assets	**148**	166	363
Share-based payment charges	**3,925**	2,536	6,539

7. Income tax expense

The taxation charge for the period ended 26 January 2014 is based on the pre-exceptional profit before tax of £37.8m and the estimated effective tax rate before exceptional items for the year ending 27 July 2014 of 26.3% (July 2013: 26.6%). This comprises a pre-exceptional current tax rate of 22.9% (July 2013: 25.2%) and a pre-exceptional deferred tax charge of 3.4% (July 2013: 1.4%).

The UK standard weighted average tax rate for the period is 22.3% (2013: 23.7%). 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.

	Unaudited 26 weeks ended 26 January 2014 £000	Unaudited 26 weeks ended 27 January 2013 £000	Audited 52 weeks ended 28 July 2013 £000
Current tax	**8,642**	9,357	19,356
Current tax on exceptional items – intangible asset write-off	–	–	(776)
Deferred tax			
Origination and reversal of temporary differences	**1,285**	279	1,095
Impact of change in UK tax rate	**–**	–	(8,720)
Tax charge in the income statement	**9,927**	9,636	10,955

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 125,897,616 (2013: 126,036,296) which include 5,765,852 (2013: 5,146,046) shares held in trust in respect of the employee Share Incentive Plan and the 2005 Deferred Bonus Scheme.

As indicated in the Chairman's Statement, accounting rules require us to show, in addition, an earnings per share calculation based on the weighted average number of shares in issue, excluding the shares held in trust. On this basis it is assumed that there are 120,131,764 shares in issue (2013: 120,890,250).

As stated in our accounts for the last financial year, adjusted earnings for the 52 weeks ended 28 July 2013 exclude £8,720,000 in respect of the corporation tax-rate change in that year

	Unaudited 26 weeks ended 26 January 2014 £000	Unaudited 26 weeks ended 27 January 2013 £000	Audited 52 weeks ended 28 July 2013 £000
Profit after tax	**26,042**	25,201	46,188
Exclude one-off tax benefit (rate change)	**–**	–	(8,720)
Earnings after exceptional items	**26,042**	25,201	37,468
Exclude effect of exceptional items net of tax	**1,814**	–	19,024
Earnings before exceptional items	**27,856**	25,201	56,492

Earnings per share

This calculation includes the shares held in trust for employees, and is sometimes referred to as diluted earnings per share.

Earnings per share before exceptional items	**22.1p**	20.0p	44.8p
Earnings per share after exceptional items	**20.7p**	20.0p	29.7p
Basic earnings per share	**20.7p**	20.0p	36.6p

Earnings per share (Excluding shares held in trust)

Earnings per share before exceptional items	**23.2p**	20.8p	46.8p
Earnings per share after exceptional items	**21.7p**	20.8p	31.0p
Basic earnings per share	**21.7p**	20.8p	38.3p

Free cash flow per share

The calculation of free cash flow per share is based on the net cash generated by business activities and available for investment in new pub developments and extensions to current pubs, after funding interest, 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 26 January 2014 £000	Unaudited 26 weeks ended 27 January 2013 £000	Audited 52 weeks ended 28 July 2013 £000
Profit for the period	**26,042**	25,201	46,188
Tax	**9,927**	9,636	10,955
Exceptional items	**1,814**	–	19,800
Net finance costs	**17,933**	17,239	34,367
Depreciation and amortisation	**28,399**	25,673	53,097
Share-based payment charges	**3,925**	2,536	6,539
	88,040	80,285	170,946
Change in inventories	**(1,258)**	320	1,118
Change in receivables	**(6,643)**	(8,181)	(5,255)
Change in payables	**22,486**	(8,064)	(1,887)
Net cash inflow from operating activities	**102,625**	64,360	164,922

10. Property, plant and equipment

	£000
Net book amount at 29 July 2012	924,341
Additions	32,140
Disposals	(145)
Depreciation	(24,273)
Net book amount at 27 January 2013	932,063
Additions and transfer from held for sale	68,626
Disposals	(6,036)
Depreciation, impairment and other movements	(37,725)
Net book amount at 28 July 2013	956,928
Additions	74,512
Disposals and transfers to held for sale and investment property	(858)
Depreciation	(26,630)
Net book amount at 26 January 2014	**1,003,952**

11. Intangible assets

	£000
Net book amount at 29 July 2012	16,936
Additions	2,293
Amortisation, impairment and other movements	(1,234)
Net book amount at 27 January 2013	17,995
Additions	3,587
Amortisation, impairment and other movements	(1,416)
Net book amount at 28 July 2013	20,166
Additions	2,823
Amortisation, impairment and other movements	(1,621)
Net book amount at 26 January 2014	**21,368**

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

12. Other non-current assets

	Unaudited 26 weeks ended 26 January 2014 £000	Unaudited 26 weeks ended 27 January 2013 £000	Audited 52 weeks ended 28 July 2013 £000
Leasehold premiums	**9,759**	10,537	9,897

13. Investment property

	Unaudited 26 weeks ended 26 January 2014 £000	Unaudited 26 weeks ended 27 January 2013 £000	Audited 52 weeks ended 28 July 2013 £000
Investment property	**5,757**	–	–

Investment property relates to one site purchased in the period.

14. Analysis of changes in net debt

	28 July 2013 £000	Cash flows £000	Non-cash movement £000	**26 January 2014 £000**
Cash at bank	29,837	(2,808)	–	**27,029**
Bank debt	(493,799)	(24,166)	(1,160)	**(519,125)**
	(463,962)	(26,974)	(1,160)	**(492,096)**
Finance lease creditor	(10,251)	2,761		**(7,490)**
Net borrowings	(474,213)	(24,213)	(1,160)	**(499,586)**
Derivative – interest-rate swaps	(44,045)	–	10,357	**(33,688)**
Net debt	(518,258)	(24,213)	9,197	**(533,274)**

During the period under review, the Company entered into additional forward-starting interest-rate swap agreements, totalling £400 million, in addition to the existing swaps which expire in 2014, 2016 and 2018, respectively. The new swap agreements start in July 2018, with £250 million expiring in July 2021 and £150 million expiring in July 2023. Swap agreements totalling £400 million are in place until July 2021.

The £10.4-million 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 book value and fair value of financial instruments.

	Unaudited 26 weeks ended 26 January 2014 Book value £000	**Unaudited 26 weeks ended 26 January 2014 Fair value £000**	Unaudited 26 weeks ended 27 January 2013 Book value £000	Unaudited 26 weeks ended 27 January 2013 Fair value £000
Financial assets				
Cash and cash equivalents	**27,029**	**27,029**	26,136	26,136
Trade receivables	**6,294**	**6,294**	5,671	5,671
Financial liabilities at amortised cost				
Trade, other payables and accruals	**(189,040)**	**(189,040)**	(159,517)	(159,517)
Finance lease obligations	**(7,490)**	**(7,580)**	(13,171)	(13,288)
Bank debt	**(519,125)**	**(522,457)**	(482,895)	(485,797)
Financial liabilities at fair value through profit or loss				
Interest-rate swaps	**(33,688)**	**(33,688)**	(56,755)	(56,755)

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

Interest-rate swaps

At 26 January 2014, 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; a cumulative loss of £33,688,000 (2013: a loss of £56,755,000), with a deferred tax credit of £6,738,000 (2013: a credit of £13,054,000), relating to the hedging instrument, is included in equity. A credit of £10,357,000 for the year (2013: credit of £9,274,000) is reflected in equity.

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 £33.7 million 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 26 January 2014 £000	Unaudited 26 weeks ended 27 January 2013 £000	Audited 52 weeks ended 28 July 2013 £000
Paid in the period			
2012 final dividend	–	10,021	10,021
2013 interim dividend	–	–	5,032
2013 final dividend	**9,987**	–	–
	9,987	10,021	15,053
Dividends in respect of the period			
Interim dividend	4,970	5,032	–
Final dividend	–	–	9,987
	4,970	5,032	9,987
Dividend per share	4p	4p	8p

17. Share capital

	Number of shares 000s	**Share capital £000**
Opening balance at 29 July 2012	126,036	2,521
Closing balance at 27 January 2013	126,036	2,521
Closing balance at 28 July 2013	126,036	2,521
Repurchase of shares	(411)	(8)
Closing balance at 26 January 2014	**125,625**	**2,513**

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 £nil capital commitments for which no provision had been made, in respect of property, plant and equipment, at 26 January 2014 (2013: £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.

Independent review report to J D Wetherspoon plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 26 January 2014, comprising the income statement, the statement of other comprehensive income, the cash flow statement, the balance sheet, the statement of changes in shareholders' equity and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with IFRSs, as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report, based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in producing this report, 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 on by our prior consent in writing.

Scope of review

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 which might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention which causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 26 January 2014 is 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.

PricewaterhouseCoopers LLP
Chartered Accountants
13 March 2014
1 Embankment Place
London
WC2N 6RH

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 which 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.