

J D Wetherspoon plc

Interim report 2010

Financial highlights

Turnover up 4.1% to £488.1m
(2009: £468.7m)

Earnings per share before exceptional
items* up 9.4% to 17.5p
(2009: 16.0p)

Profit before tax up 41.4%
to £36.2m
(2009: £25.6m)

Free cash flow per share of 15.3p
(2009: 28.2p)

Profit before tax before exceptional
items* up 17.5% to £36.2m
(2009: £30.8m)

Total and special dividends
per share of 19.0p
(2009: nil)

Earnings per share up 40.0%
to 17.5p
(2009: 12.5p)

17 pubs opened; 2 closed;
total now 746

*'Record first-half profits,
a successful refinancing and
the reinstatement of a dividend'*

*Exceptional items as disclosed in account note 5.

Chairman's statement and operating review

'Record first-half profits, a successful refinancing and the reinstatement of a dividend'

I am pleased to report continuing progress in the 26 weeks ended 24 January 2010. Like-for-like sales increased marginally, by 0.1%, with total sales, including new pubs, increasing by 4.1% to £488.1 million (2009: £468.7 million). Operating profit was £48.9 million (2009: £46.8 million), an increase of 4.5% before taking account of last year's exceptional items. After accounting for last year's exceptional items, operating profit increased by 15.6% (2009: £42.3 million). Profit before tax was £36.2 million, an increase of 17.5% on a pre-exceptional basis (2009: £30.8 million) and, after exceptional items, increased by 41.4% (2009: £25.6 million). Earnings per share were 17.5p, an increase of 9.4% before exceptional items (2009: 16.0p) and, after exceptional items, increased by 40.0% (2009: 12.5p).

The operating margin, before exceptional items, interest and tax, in the 26 weeks ended 24 January 2010, remained at 10.0% (2009: 10.0%), with lower energy costs being offset by increased expenditure on repairs during the period.

Net interest was covered 3.9 times by operating profit before exceptional items (2009 before exceptional items: 2.9 times; after exceptional items: 2.6 times). Total capital investment in the period was £33.8 million (2009: £28.7 million).

Free cash flow, after capital investment of £9.4 million in current pubs, £3.4 million in respect of share purchases under the company's share-based payment schemes and payments of tax and interest, in the 26 weeks ended 24 January 2010, decreased to £21.3 million (2009: £39.2 million), owing to higher capital investment in existing pubs this year and an adverse movement in working capital related to one-off benefits last year in creditors' terms and timing of payments. Free cash flow per share in the 26 weeks ended 24 January 2010 was 15.3p (2009: 28.2p). Free cash flow in the 12 months to January 2010, including the second half of the last financial year, was £81.6 million, compared with £95.0 million in the preceding 12 months.

Property

The first half saw the opening of 17 new pubs and the closure of two sites, following the closure of Terminal 2 at Heathrow, bringing the number open at the period

end to 746. The majority of new openings in this period has been existing pubs, with both rents and development costs being lower than historic trends. As previously indicated, we intend to open approximately 50 pubs in this financial year.

'we intend to open approximately 50 pubs in this financial year.'

Dividends

As indicated under 'Financing' below, the company has successfully refinanced its bank facilities. The board has decided to declare a total dividend of 12.0p for the current financial year ending 25 July 2010 (2009: nil). This total dividend will be paid on 1 April 2010 to shareholders on the register at 19 March 2010. Dividend cover excluding the special dividend (see below) was 1.5 times. The board has also decided to declare a special dividend of 7.0p, to be paid on 1 April 2010 to shareholders on the register at 19 March 2010.

Taxation

We expect the overall tax rate for the financial year, including current and deferred taxation, to be approximately 32.7% (July 2009: before exceptional

items 31.7%). The 1.0% increase in the overall tax rate is due to a one-off prior-year adjustment relating to the net book value of assets eligible for capital allowances. As in previous years, the main item which causes the company's tax rate to be higher than the standard UK corporation tax rate of 28.0% is depreciation which is not eligible for tax relief, although this amount has been partially offset by tax relief available on share-based payments to employees.

The current tax rate has fallen to 30.4% (July 2009: before exceptional items 32.4%). This fall in tax rate is due to the availability of first-year allowances on plant and machinery for expenditure incurred in the tax year to 31 March 2010 and also an increase in deductions available in the current year, relating to share-based payments.

Financing

The company has successfully concluded a new non-amortising £530-million four-year facility, expiring in March 2014, with a syndicate of 11 banks, comprising a mix of current and new lenders. This will replace the old facility of £435 million which was due to expire in December 2010. The refinancing was oversubscribed, and the new facility is on competitive market terms.

As at 24 January 2010, the company's total net bank borrowings (excluding finance leases) were £383.5 million, a decrease of £4.7 million since the previous year end (27 July 2009: £388.2 million), and borrowings decreased by £51.7 million, in the 12 months to 24 January 2010, notwithstanding payments for 35 pub openings of £38.2 million. In the same 12-month period, our debt-to-EBITDA ratio has fallen from 3.2 times to 2.7 times, having fallen from 3.6 times to 3.2 times in the previous 12 months. Net debt excluding derivatives was £392.8 million, an increase of £2.8 million since the previous year end (27 July 2009: £390.0 million), due to a £7.5 million increase in finance lease creditors.

Further progress

As previously indicated, the company believes that incentives for managers and staff, combined with excellent training schemes, are vital for future success. In this connection, the company awarded bonuses and

shares (SIPS) for employees of £12.5 million in the period (2009: £9.8 million). During the period, 93% of bonus awards were made to employees below board level, while 82% were made to employees working in our pubs.

The company has, once again, been recognised by the Corporate Research Foundation, in association with The Guardian newspaper, as one of 'Britain's Top 100 Employers' for the seventh consecutive year, being graded excellent in pay & benefits and career development.

We continue to make improvements to our product range. For example, we have recently successfully introduced Carlsberg and Tuborg lagers, as well as Monster drinks – the number-one energy drink in the US. We continue to concentrate on traditional ales and wines, holding successful festivals for each of these categories in the period, achieving record sales for these products in the process.

'the company awarded bonuses and shares (SIPS) for employees of £12.5 million in the period'

Food and coffee continue to be areas with strong potential for future growth. Weekly coffee sales have recently reached record levels. We continue to review and enhance the menus and product ranges for our popular Steak Club and Curry Club, for example.

We started opening our pubs at 9am for breakfast approximately five years ago and now sell, on average, about 275,000 breakfasts per week and about 500,000 coffees and teas. As a result of this success, we have decided to open all of our pubs for breakfast from 7am, from 28 April this year; this will, we believe, substantially enhance sales of these categories over time.

Some economic and social benefits of pubs

In the 26 weeks ended 24 January 2010, Wetherspoon made profit after tax of £24.4 million, and taxes paid to the government were £197.8 million, including VAT of £75.8 million; excise duty of £61.0 million; PAYE and National Insurance of £30.5 million; property taxes of £19.5 million; corporation tax of £11.0 million.

The government has attempted to tackle issues of binge drinking by a zealous 'crackdown' on pubs. In our opinion, this has had counterproductive consequences in several ways. On a practical level, excessive penalties for pubs which inadvertently sell alcoholic drinks to those under 18 are unfair, since most parents permit 16- and 17-year-olds to use pubs. Indeed, almost without exception, today's adults used pubs themselves at that age. The only method which pubs can use to try to stop those under 18 is to check IDs constantly. This is exasperating for those over 18, while expensive and confrontational for publicans. This red tape and greatly increased taxes for pubs have contributed to pubs' closing in unprecedented numbers in recent years, with a devastating reduction of many communities' social life. The crackdown on pubs may actually exacerbate the problems of binge drinking, since it has resulted in more drinking, especially by young people, in the unsupervised environments of parties, streets and parks.

From an economic point of view, the closure of pubs is extremely expensive for the government. Taxes on pubs are many times higher than the profits made by publicans or pub companies. Consumption of alcoholic drinks in pubs is more labour-intensive than in supermarkets, so a company like Wetherspoon generates far more 'jobs per pint' than is generated by off-trade sales. Since supermarkets charge less for alcoholic drinks, this reduces the VAT per pint received by the government.

In January 2010, the government's attitude to pubs became yet more absurd: police have been instructed to recruit and employ those under 18 to try to buy alcoholic products in pubs, under police supervision. Should these purchases be 'successful' on two occasions, within a specified period, pubs' licences are reviewed by the local licensing authorities, with devastating financial and personal consequences for publicans and their staff. This sort of entrapment is

prohibited in most areas of the law; it is an astonishing error of judgement to use such draconian tactics against pubs which are regarded by the great majority of people as extremely valuable social institutions.

Rather than a confrontational and dictatorial approach, we believe that the government would be better to adopt the approach of a significant number of local authorities, police forces, pub companies and individual licensees who have joined together to create 'best bar none' and 'pubwatch' schemes. These involve the authorities and pubs creating a joint committee to supervise the implementation of plans for improving behaviour in town and city centres. This involves liaising on busy evenings using e-mails or paging systems, the identification and banning of troublesome customers and a number of other mundane, but effective, solutions to the problems which can occur. Successful schemes have been implemented in cities such as Manchester and Aberdeen and towns such as Swindon and Cleckheaton and have produced tangible improvements to behaviour. As in many areas, co-operation and common sense are more effective than headline-grabbing and ill-thought-out initiatives.

'Sales and profits in the six months under review were at record levels'

Current trading and outlook

Sales and profits in the six months under review were at record levels, notwithstanding the immense pressure on the pub business from government legislation, thanks, above all, to the great efforts of all of our staff. Trading in the six weeks to 7 March 2010 continued on a similar trend to last year, with like-for-like sales down 0.4% and total sales increasing by 3.9%. As a result of our sales, profits and free cash flow, together with our continued efforts to improve every area of the business, I remain confident of our future prospects

Tim Martin

Chairman
11 March 2010

Income statement for the 26 weeks ended 24 January 2010

	Notes	Unaudited 26 weeks ended 24 January 2010 £000	Unaudited 26 weeks ended 25 January 2009 £000	Audited 52 weeks ended 26 July 2009 £000
Revenue	4	488,132	468,718	955,119
Operating costs		(439,277)	(421,884)	(858,118)
Operating profit before exceptional items	6	48,855	46,834	97,001
Exceptional items	5	–	(4,542)	(21,920)
Operating profit		48,855	42,292	75,081
Finance income		5	236	336
Finance costs		(12,642)	(16,273)	(31,182)
Fair value (loss)/gain on financial derivatives	5	–	(679)	794
Profit before tax		36,218	25,576	45,029
Income tax expense	7	(11,843)	(8,228)	(19,730)
Profit for the period		24,375	17,348	25,299
Earnings per share (pence)	8			
Earnings per ordinary share		17.5	12.5	18.2
Adjusted earnings per ordinary share		17.5	16.0	32.6
Fully diluted earnings per share		17.5	12.5	18.2
Adjusted diluted earnings per share		17.5	16.0	32.6

All activities relate to continuing operations.

Statement of comprehensive income for the 26 weeks ended 24 January 2010

		Unaudited 26 weeks ended 24 January 2010 £000	Unaudited 26 weeks ended 25 January 2009 £000	Audited 52 weeks ended 26 July 2009 £000
Cash flow hedges: loss taken to equity	13	(12,261)	(53,035)	(35,934)
Tax on items taken directly to equity		3,433	14,850	10,062
Net loss recognised directly in equity		(8,828)	(38,185)	(25,872)
Profit for the period		24,375	17,348	25,299
Total comprehensive income / (loss) for the period		15,547	(20,837)	(573)

Cash flow statement for the 26 weeks ended 24 January 2010

	Notes	Unaudited 26 weeks ended 24 January 2010 £000	Unaudited 26 weeks ended 24 January 2010 £000	Unaudited 26 weeks ended 25 January 2009 £000	Unaudited 26 weeks ended 25 January 2009 £000	Audited 52 weeks ended 26 July 2009 £000	Audited 52 weeks ended 26 July 2009 £000
Cash flows from operating activities							
Cash generated from operations	9	60,916	60,916	78,741	78,741	171,850	171,850
Interest received		–	–	286	286	460	460
Interest paid		(15,779)	(15,779)	(20,910)	(20,910)	(35,317)	(35,317)
Corporation tax paid		(11,029)	(11,029)	(10,077)	(10,077)	(20,497)	(20,497)
Purchase of own shares for share-based payments		(3,409)	(3,409)	(4,036)	(4,036)	(6,003)	(6,003)
Net cash inflow from operating activities		30,699	30,699	44,004	44,004	110,493	110,493
Cash flows from investing activities							
Purchase of property, plant and equipment		(7,804)	(7,804)	(4,045)	(4,045)	(9,546)	(9,546)
Purchase of intangible assets		(1,636)	(1,636)	(794)	(794)	(1,453)	(1,453)
Purchase of lease premiums		(1,120)		–		(931)	
Proceeds of sale of property, plant and equipment		–		–		495	
Investment in new pubs and pub extensions		(23,199)		(23,907)		(36,899)	
Net cash outflow from investing activities		(33,759)	(9,440)	(28,746)	(4,839)	(48,334)	(10,999)
Cash flows from financing activities							
Equity dividends paid		–		(10,439)		(10,439)	
Proceeds from issue of ordinary shares		303		81		580	
Repayment of US private placement		(87,218)		–		–	
Advances/(repayments) under bank loans		81,268		135		(44,051)	
Advances under finance leases		9,089		–		–	
Finance costs on new loan		–		–		(208)	
Finance lease payments		(1,643)		(474)		(889)	
Net cash inflow/(outflow) from financing activities		1,799		(10,697)		(55,007)	
Net change in cash and cash equivalents		(1,261)		4,561		7,152	
Opening cash and cash equivalents		23,604		16,452		16,452	
Closing cash and cash equivalents		22,343		21,013		23,604	
Free cash flow			21,259		39,165		99,494
Free cash flow per ordinary share	8		15.3p		28.2p		71.7p

Balance sheet as at 24 January 2010

	Notes	Unaudited 24 January 2010 £000	Unaudited 25 January 2009 £000	Audited 26 July 2009 £000
Assets				
Non-current assets				
Property, plant and equipment	10	785,059	794,186	773,903
Intangible assets	11	6,213	4,739	4,858
Deferred tax assets		14,199	15,675	10,766
Other non-current assets	12	8,964	7,248	7,969
		814,435	821,848	797,496
Current assets				
Inventories		16,716	18,191	17,954
Other receivables		22,028	15,422	16,326
Assets held for sale		1,135	595	1,135
Cash and cash equivalents	13	22,343	21,013	23,604
Derivative financial instruments		–	19,527	–
		62,222	74,748	59,019
Total assets		876,657	896,596	856,515
Liabilities				
Current liabilities				
Trade and other payables		(134,199)	(122,872)	(143,710)
Financial liabilities due in one year		(408,576)	(107,677)	(102,811)
Derivative financial instruments due in one year		–	(4,595)	(555)
Current income tax liabilities		(11,390)	(9,255)	(11,409)
		(554,165)	(244,399)	(258,485)
Non-current liabilities				
Financial liabilities		(6,516)	(370,320)	(310,341)
Derivative financial instruments		(48,258)	(49,975)	(35,919)
Deferred tax liabilities		(78,466)	(78,826)	(77,633)
Provisions and other liabilities		(7,355)	(6,024)	(6,443)
		(140,595)	(505,145)	(430,336)
Net assets		181,897	147,052	167,694
Shareholders' equity				
Ordinary shares	15	2,781	2,776	2,779
Share premium account		142,757	141,960	142,456
Capital redemption reserve		1,646	1,646	1,646
Hedging reserve		(35,112)	(38,597)	(26,284)
Retained earnings		69,825	39,267	47,097
Total shareholders' equity		181,897	147,052	167,694

Statement of changes in shareholders' equity

	Called-up share capital £000	Share premium account £000	Capital redemption reserve £000	Hedging reserve £000	Retained earnings £000	Total £000
At 27 July 2008	2,775	141,880	1,646	(412)	34,659	180,548
Exercise of options	1	80	–	–	–	81
Share-based payment charges	–	–	–	–	1,735	1,735
Purchase of shares held in trust	–	–	–	–	(4,036)	(4,036)
Profit for the period	–	–	–	–	17,348	17,348
Cash flow hedges: taken to equity	–	–	–	(53,035)	–	(53,035)
Tax on items taken directly to equity	–	–	–	14,850	–	14,850
Dividends	–	–	–	–	(10,439)	(10,439)
At 25 January 2009	2,776	141,960	1,646	(38,597)	39,267	147,052
Exercise of options	3	496	–	–	–	499
Share-based payment charges	–	–	–	–	1,857	1,857
Purchase of shares held in trust	–	–	–	–	(1,978)	(1,978)
Profit for the period	–	–	–	–	7,951	7,951
Cash flow hedges: taken to equity	–	–	–	17,101	–	17,101
Tax on items taken directly to equity	–	–	–	(4,788)	–	(4,788)
At 26 July 2009	2,779	142,456	1,646	(26,284)	47,097	167,694
Exercise of options	2	301	–	–	–	303
Share-based payment charges	–	–	–	–	1,762	1,762
Purchase of shares held in trust	–	–	–	–	(3,409)	(3,409)
Profit for the period	–	–	–	–	24,375	24,375
Cash flow hedges: taken to equity	–	–	–	(12,261)	–	(12,261)
Tax on items taken directly to equity	–	–	–	3,433	–	3,433
At 24 January 2010	2,781	142,757	1,646	(35,112)	69,825	181,897

Notes

1 General information

The company is a public limited company, incorporated and domiciled in the UK. Its registered office address is: J D Wetherspoon plc, Reeds Crescent, Watford, WD24 4QL

The company is listed on the London Stock Exchange.

This condensed half-yearly financial information was approved for issue on 11 March 2010.

These interim financial results do not comprise statutory accounts within the meaning of Sections 434 and 435 of the Companies Act 2006. Statutory accounts for the year ended 26 July 2009 were approved by the board of directors on 11 September 2009 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 and did not contain any statement under Sections 498 to 502 of the Companies Act 2006.

The business is subject to minor seasonal fluctuations, dependent on public holidays and the weather.

There are no changes to the risks and uncertainties as set out in the financial statements for the 52 weeks ended 26 July 2009, which may affect the company's performance in the next six months. The most significant risks relate to regulation of the sale of alcohol and availability of funds.

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 half-yearly condensed financial report should be read in conjunction with the annual financial statements for the year ended 26 July 2009 which have been prepared in accordance with IFRSs, as adopted by the European Union.

The financial information for the year ended 26 July 2009 is extracted from the statutory accounts of the Company for that year.

The interim accounts for the period ended 24 January 2010 and the comparatives to 25 January 2009 are unaudited, but have been reviewed by the auditors. A copy of the review report is included at the end of this report.

3 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 26 July 2009, as described in those annual financial statements.

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

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 26 July 2009, except for the adoption of new standards and interpretations as noted below:

■ IFRS 2: share-based payments – vesting conditions and cancellations

The amended standard changes the definition of vesting conditions and prescribes the accounting treatment of an award which is effectively cancelled, owing to non-vesting conditions not being satisfied. The adoption of the amendment had no impact on the Company's results or financial position.

■ IAS 32: financial instruments – disclosure

The amended standard requires additional disclosure about fair value measurement and liquidity risk. The disclosures will be incorporated in the accounts for the year to 25 July 2010.

■ IAS 1: revised presentation of financial statements

The revised standard introduces the statement of comprehensive income which presents all items of recognised income and expense, in either one single statement or two linked statements. The Company has elected to present two statements and to retain the existing names of the primary statements, with the exception of the 'Statement of recognised gains & losses' which has been renamed to become 'Statement of comprehensive income'.

■ IAS 23: borrowing costs (revised)

The revised statement requires the capitalisation of borrowing costs, when such costs relate to an asset which necessarily takes a substantial amount of time to get ready for its intended use or sale. The adoption of the revised standard has had no impact on the Company's results or financial position.

■ IFRS 8: operating segments

This standard has had no impact on the Company, as it operates only in a single segment (that of public houses) and single geography (United Kingdom) which also forms the basis on which the business is managed.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 27 July 2009, but are not currently relevant for the Company:

■ IFRIC 12, service concession arrangements

■ IFRIC 13, customer loyalty programmes

■ IFRIC 14, IAS 19, the limit on a defined benefit asset, minimum funding requirements and their interaction

■ IFRIC 15, agreements for the construction of real estate

■ IFRIC 16, hedges of a net investment in a foreign operation

■ IFRIC 17, distributions of non-cash assets to owners

■ IFRIC 18, transfers of assets from customers

■ IAS 39 (amendment), financial instruments, recognition and measurement

■ IFRS 3 (revised), business combinations

4 Revenue

Revenue disclosed in the income statement is analysed as follows:

	Unaudited 26 weeks ended 24 January 2010 £000	Unaudited 26 weeks ended 25 January 2009 £000	Audited 52 weeks ended 26 July 2009 £000
Sales of food, beverages and machine income	488,132	468,718	955,119

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 24 January 2010 £000	Unaudited 26 weeks ended 25 January 2009 £000	Audited 52 weeks ended 26 July 2009 £000
Operating items			
Impairment of property and fixed assets	–	–	15,951
Property-related disposals and write-offs	–	3,147	4,404
Litigation costs	–	1,395	1,565
Operating exceptional items	–	4,542	21,920
Non-operating items			
Fair value gain/(loss) on derivatives	–	679	(794)
Total exceptional items	–	5,221	21,126
Tax on exceptional items	–	(391)	(1,224)
	–	4,830	19,902

6 Operating profit before exceptional items

This is stated after charging/(crediting):

	Unaudited 26 weeks ended 24 January 2010 £000	Unaudited 26 weeks ended 25 January 2009 £000	Audited 52 weeks ended 26 July 2009 £000
Operating lease payments			
– land and buildings			
■ minimum lease payments	24,174	22,394	45,390
■ contingent rents	6,359	6,468	13,136
– equipment and vehicles	147	140	534
Repairs and maintenance	16,953	13,202	28,713
Rent receivable	(259)	(283)	(709)
Depreciation of property, plant and equipment			
– owned assets	20,119	21,119	42,998
– assets held under finance leases	1,530	482	985
Amortisation of intangible assets	405	472	878
Amortisation of non-current assets	122	118	235
Share-based payment charges	1,762	1,735	3,592

7 Taxation

The taxation charge for the period ended 24 January 2010 is calculated by applying an estimate of the effective tax rate of 32.7% for the year ending 25 July 2010 (2009: 32.2%). The UK standard rate of corporation tax is 28.0% (2009: 28.0%), with the latest estimate of the current tax payable on profits for the financial year ending 25 July 2010 being 30.4% (2009: 32.4%).

	Unaudited 26 weeks ended 24 January 2010 £000	Unaudited 26 weeks ended 25 January 2009 £000	Audited 52 weeks ended 26 July 2009 £000
Current tax	11,010	8,875	21,449
Deferred tax Origination and reversal of timing differences	833	(647)	(1,719)
Tax charge in the income statement	11,843	8,228	19,730

8 Earnings and free cash flow per share

Basic earnings per share has been calculated by dividing the profit attributable to equity holders of £24,375,000 (January 2009: £17,348,000; July 2009: £25,299,000) by the weighted average number of shares in issue during the period of 139,014,516 (January 2009: 138,791,631; July 2009: 138,826,552).

Diluted earnings per share has been calculated on a similar basis, taking account of 68,994 (January 2009: 6,696; July 2009: 23,981) dilutive potential shares under option, giving a weighted average number of ordinary shares adjusted for the effect of dilution of 139,083,510 (January 2009: 138,798,327; July 2009: 138,850,533).

Adjusted earnings per share has also been included to reflect the exclusion of exceptional items and the fair value loss on financial derivatives.

Earnings per share

	Unaudited 26 weeks ended 24 January 2010 £000	Unaudited 26 weeks ended 25 January 2009 £000	Audited 52 weeks ended 26 July 2009 £000
Profit for the period	24,375	17,348	25,299
Adjustments			
Operating exceptional items (note 5)	–	4,542	21,920
Fair value loss on derivatives (note 5)	–	679	(794)
Tax on exceptional items	–	(391)	(1,224)
Adjusted profit for the period	24,375	22,178	45,201
Basic earnings per share	17.5p	12.5p	18.2p
Adjusted earnings per share	17.5p	16.0p	32.6p
Diluted earnings per share	17.5p	12.5p	18.2p
Adjusted diluted earnings per share	17.5p	16.0p	32.6p

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 same number of shares in issue as that for the calculation of basic earnings per share.

9 Cash generated from operations

	Unaudited 26 weeks ended 24 January 2010 £000	Unaudited 26 weeks ended 25 January 2009 £000	Audited 52 weeks ended 26 July 2009 £000
Operating profit	48,855	42,292	75,081
Operating exceptional items	–	4,542	21,920
Operating profit before exceptional items	48,855	46,834	97,001
Depreciation and amortisation	22,176	22,191	45,096
Share-based payment charges	1,762	1,735	3,592
	72,793	70,760	145,689
Change in inventories	1,238	(2,295)	(2,058)
Change in receivables	(5,702)	(1,225)	(2,689)
Change in payables	(7,413)	12,896	32,473
Net cash inflow from operating activities before exceptional items	60,916	80,136	173,415
Outflow related to exceptional items	–	(1,395)	(1,565)
Net cash inflow from operating activities	60,916	78,741	171,850

10 Property, plant and equipment

	£000
Net book amount at 27 July 2008	792,741
Additions	26,985
Disposals	(3,791)
Depreciation, impairment and other movements	(21,749)
Net book amount at 25 January 2009	794,186
Additions	19,574
Disposals and transfer to assets held for sale	(1,970)
Depreciation, impairment and other movements	(38,049)
Reclassification	162
Net book amount at 26 July 2009	773,903
Additions	33,271
Disposals and transfer to assets held for sale	(466)
Depreciation, impairment and other movements	(21,649)
Net book amount at 24 January 2010	785,059

11 Intangible assets

	£000
Net book amount at 27 July 2008	4,417
Additions	794
Amortisation, impairment and other movements	(472)
Net book amount at 25 January 2009	4,739
Additions	693
Amortisation, impairment and other movements	(412)
Reclassification	(162)
Net book amount at 26 July 2009	4,858
Additions	1,760
Amortisation, impairment and other movements	(405)
Net book amount at 24 January 2010	6,213

Intangible assets all relate to computer software and development.

12 Other non-current assets

	Unaudited 26 weeks ended 24 January 2010 £000	Unaudited 26 weeks ended 25 January 2009 £000	Audited 52 weeks ended 26 July 2009 £000
Leasehold premiums	8,964	7,248	7,969

13 Analysis of changes in net debt

	26 July 2009 £000	Cash flows £000	Non-cash Movement £000	Re- allocation £000	24 January 2010 £000
Cash at bank	23,604	(1,261)	–	–	22,343
Debt due in less than one year	(101,844)	96,121	(477)	(399,632)	(405,832)
Debt due after one year	(309,461)	(90,171)	–	399,632	–
Derivative financial instrument – fair value hedge	(477)	–	477	–	–
Finance lease creditor	(388,178) (1,846)	4,689 (7,446)	– (49)	–	(383,489) (9,341)
Net borrowings	(390,024)	(2,757)	(49)	–	(392,830)
Derivative – cash flow hedge	(35,997)	–	(12,261)	–	(48,258)
Net debt	(426,021)	(2,757)	(12,310)	–	(441,088)

The £12.3 million non-cash movement on the cash flow hedge arises from the movement in fair value of the Company's interest-rate swaps.

14 Dividends paid and proposed

	Unaudited 26 weeks ended 24 January 2010 £000	Unaudited 26 weeks ended 25 January 2009 £000	Audited 52 weeks ended 26 July 2009 £000
Paid in the period 2009/10			
Final dividend for 2007/08 – nil (2007/08 – 7.6p)	–	10,439	10,439
Interim dividend for 2008/09 – nil	–	–	–
Dividends paid	–	10,439	10,439
Dividends per share in respect of the period			
Final dividend	–	–	–
Interim dividend	26,422	–	–
Dividends per share	19.0p	–	–

15 Share capital

	Number of shares 000s	Share capital £000
Opening balance at 27 July 2008	138,771	2,775
Allotments	44	1
Closing balance at 25 January 2009	138,815	2,776
Allotments	159	3
Closing balance at 26 July 2009	138,974	2,779
Allotments	88	2
Closing balance at 24 January 2010	139,062	2,781

The total authorised number of 2p ordinary shares is 500 million (2009: 500 million). All issued shares are fully paid.

16 Related-party disclosure

There have been 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.

17 Capital commitments

The Company had £nil capital commitments for which no provision had been made, in respect of property, plant and equipment, at 24 January 2010 (2009: £nil).

18 Events subsequent to the balance sheet date

The Company has successfully signed a new non-amortising £530-million four-year facility, expiring in March 2014, with a syndicate of 11 banks, comprising a mix of current and new lenders. This will replace the old facility of £435 million which was due to expire in December 2010. The refinancing was oversubscribed, and the new facility is on competitive market terms.

Statement of directors' responsibilities

The directors confirm that this condensed consolidated 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 six months and their impact on the condensed set of financial statements, plus a description of the principal risks and uncertainties for the remaining six months of the financial year.
- material related-party transactions in the first six months 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 26 July 2009. A list of current directors is maintained on the J D Wetherspoon plc Web site: www.jdwetherspoon.co.uk

By order of the board

John Hutson

11 March 2010

Keith Down

11 March 2010

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 26 weeks ended 24 January 2010, which comprises the Income Statement, Statement of Comprehensive Income, Cash Flow Statement, Balance Sheet, Statement of Changes in 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 Services Authority.

As disclosed in note 1, the annual financial statements of the 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 Services 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 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 26-week period ended 24 January 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP

Chartered Accountants
1 Embankment Place
London
WC2N 6RH

11 March 2010

Notes:

(a) The maintenance and integrity of the J D Wetherspoon plc Web site are 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 Web site.

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

J D Wetherspoon plc

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