



J D WETHERSPOON PLC

PRESS RELEASE

J D Wetherspoon plc announces interim results for the six months to 23 January 2005.

Highlights

Turnover up 4% to £403.3m

Operating profit* down 11% to £34.4m

Profit before tax* down 20% to £22.3m

Earnings per share* down 14% to 7.7p

Free cash flow per share down 11% to 19.3p

Interim dividend per share up 10% to 1.46p

***before exceptional items**

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

“The half year to 23 January 2005 was a testing period for the company. Sales increased by 4% to £403.3 million (2004: £389.0 million). Operating profit (before exceptional items) declined by 11% to £34.4 million (2004: £38.6 million). We recently announced plans to make about 10% of our pubs non-smoking by May 2005, for all new openings to be non-smoking and for the rest of the estate to become non-smoking by May 2006. In spite of the recent slow trading conditions, as a result of our strong cash generation, high level of sales per pub and dedicated team, I remain confident of future prospects”.

Enquiries:

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



Chairman's statement

The half year to 23 January 2005 was a testing period for the company. Sales increased by 4% to £403.3 million (2004: £389.0 million). Operating profit (before exceptional items) declined by 11% to £34.4 million (2004: £38.6 million) and profit before tax and exceptional items by 20% to £22.3 million (2004: £27.8 million). Earnings per share (before exceptional items) declined by 14% to 7.7p (2004: 9.0p).

Capital investment was £20.8 million and net gearing at the period end was 113% (2004: 103%). Net interest was covered 2.9 times (2004: 3.6 times) by operating profits. Operating margins before interest and tax were 8.5% (2004: 9.9%), mainly as a result of higher labour and utility costs.

Like-for-like sales increased by 0.3% in the period and sales at new pubs were in line with expectations.

The company continues to review the pubs within its estate and has identified 16 pubs which do not meet our current business requirements. A capital loss on disposal is anticipated in respect of these pubs of approximately £6 million which has been provided as an exceptional item in the period under review.

Free cash flow, after capital investment of £8.2 million in existing pubs, £2.0 million in respect to purchases of shares under the company's Share Incentive Plan and payments of tax and interest, declined by 17% to £36.5 million. This resulted in free cash flow per share of 19.3p (2004: 21.7p) before investment in new pubs and dividend payments. In the period under review, all our new pub capital expenditure was financed from free cash flow.

Economic profit, calculated by adding depreciation to profit after tax (excluding deferred tax) and before exceptional items and subtracting capital investment in existing pubs, decreased by 14% to £30.0 million (2004: £34.7 million).

Dividend

The Board has declared an interim dividend of 1.46p per ordinary share (2004: 1.33p), a 10% increase on last year payable on 27 May 2005 to shareholders on the register at 29 April 2005.

Share buyback

During the period, the company acquired 1,800,000 shares for cancellation. The total cash outflow of £9.4m in the period includes £5.2m in relation to shares acquired towards the end of the previous financial year.

Financing

The period under review saw a reduction in the company's total net borrowings from £337.6 million to £327.3 million at the end of the previous financial year. Total facilities at 23 January 2005 were £400.0 million. The company will continue to monitor the wide range of funding alternatives available to ensure the appropriate ongoing capital structure for the company.

Distribution arrangements

In September 2004, the company introduced a new central distribution system with a purpose built centre at Daventry. This centre is used to distribute food, as well as a number of bar products to all our pubs. The introduction of this system has been significantly more expensive during this 6 months period than



anticipated. Considerable work is continuing to attempt to reduce costs for the remainder of this financial year and future years, although the new system has given rise to exceptional start up charges of £2.2 million for the period under review. It is possible that there will be further exceptional charges in the second half of the financial year.

Non-Smoking

We recently announced plans to make about 10% of our pubs non-smoking by May 2005, for all new openings to be non-smoking and for the rest of the estate to become non-smoking by May 2006.

Over the last 30 years, the number of smokers has halved to about 25% of the population. Customers are generally becoming more health conscious and there is an increasing desire from staff and customers to avoid 'passive smoking'.

Our research undertaken in California, which has been visited on a number of occasions by Wetherspoon representatives, indicates that sales have increased in the years after a smoking ban, in spite of a dip in the one or two years after the ban was instigated.

Our first two non-smoking pubs in Exeter and St. Albans, one trading as a Wetherspoon and the other as a Lloyds, have been very successful so far with sales substantially higher than the company average. A third pub at the Merry Hill Centre near Birmingham opened in the last few days.

For information, I have enclosed a list of the additional 61 pubs which will switch to a non-smoking policy before the end of May this year.

Current trading and prospects

Like-for-like sales in February 2005 declined by 1.9% and overall sales increased by 2.1%. In addition to the 9 pubs opened since the end of the previous financial year (including 3 in February 2005) there are 5 sites in the course of construction and the company has planning and licensing permission to open a further 16 sites.

In view of the big structural changes in the industry resulting from the new licensing laws and the situation with regard to smoking, the company has adopted a cautious approach to capital expenditure and expansion and this will continue until this uncertainty is alleviated.

Sales and profits in the last six months have been slower than anticipated. The company continues to review its costs and expects significant savings to be made in the running of pubs and at the head office over the next few months.

In spite of the recent slow trading conditions, as a result of our strong cash generation, high level of sales per pub and dedicated team, I remain confident of future prospects.

Tim Martin
Chairman
4 March 2005



List of Non-Smoking Pubs

Abraham Derby, Merry Hill Centre	(new opening)	The Paper Moon, Dartford	
Back of Beyond, Reading	(9 th March)	The Pennsylvanian, Rickmansworth	(9 th March)
Becketts Bank, Leeds		The Playfair, Edinburgh	
George's Meeting House, Exeter	(new opening)	The Plimsoll Line, Redcar	
Jewel of the Severn, Bridgnorth		The Pommelers Rest, Tower Bridge	
Lloyds No. 1 Bar, Portsmouth		The Portland Hotel, Chesterfield	
The Angel, Islington		The Poste of Stone, Stone	
The Archibald Simpson, Aberdeen		The Postern Gate, York	
The Battesford Court, Witham		The Quay, Poole	
The Blue Coat, Rotherham		The Quayside, Newcastle Upon Tyne	
The Brass Balance, Birkenhead		The Rhinoceros, Rotherham	
The Briar Rose, Birmingham		The Ritz, Lincoln	
The Capital Asset, Perth		The Roebuck Inn, Nottingham	
The Central Bar, Cardiff		The Sennockian, Sevenoaks	
The City Arms, Coventry		The Sir John Oldcastle, Farringdon	
The Clydesdale Inn, Lanark		The Standard Bearer, Stevenage	
The Commercial Rooms, Bristol		The Standing Order, Derby	
The Counting House, Dundee		The Swan, Weymouth	
The Counting House, Glasgow		The Three John Scotts, Kingston Upon Hull	
The Dee Hotel, West Kirby		The Tom Toya Lewis, Newport	
The Gog & Magog, Plymouth		The Trawl Boat Inn, St. Anne's On Sea	
The Good Yarn, Uxbridge		The Waterhouse, Manchester	
The Grid Inn, Southfields		The Welkin, Liverpool	(9 th March)
The King & Castle, Windsor		The West Gate Inn, Canterbury	
The King of Wessex, Bath	(9 th March)	The Whiffler, Norwich	
The Last Post, Loughton		Waterend Barn, St Albans	(new opening)
The Maidenhead Inn, Basingstoke		Wetherspoons, Eastbourne	
The Moon and Sixpence, Hatch End		Wetherspoons, Ipswich	
The Moon Under Water, Cheltenham		Wetherspoons, Livingston	
The Moon Under Water, Milton Keynes		Wetherspoons, Metrocentre, Gateshead	(9 th March)
The Moon Under Water, Watford		Wetherspoons, Sheffield	
The Old Manor, Bracknell		Wetherspoons, Southport	



Profit and loss account

for the six months ended 23 January 2005

	Notes	Unaudited half year 2005 £000 Before exceptional items	Unaudited half year 2005 £000 Exceptional items (note 3)	Unaudited half year 2005 £000 After exceptional items	Unaudited half year 2004 £000 Before exceptional items	Unaudited half year 2004 £000 After exceptional items	Audited full year 2004 £000 Before exceptional items	Audited full year 2004 £000 After exceptional items
Turnover		403,341	-	403,341	388,964	388,964	787,126	787,126
Operating profit	2	34,365	(2,229)	32,136	38,561	38,561	77,628	77,628
Exceptional items	3	-	(5,818)	(5,818)	-	(7,098)	-	(7,758)
Net interest payable		(12,021)	-	(12,021)	(10,739)	(10,739)	(23,554)	(23,554)
Profit on ordinary activities before taxation		22,344	(8,047)	14,297	27,822	20,724	54,074	46,316
Tax on profit on ordinary activities	4	(7,773)	1,697	(6,076)	(9,537)	(8,047)	(18,727)	(17,042)
Profit on ordinary activities after taxation		14,571	(6,350)	8,221	18,285	12,677	35,347	29,274
Dividends	11	(2,732)	-	(2,732)	(2,511)	(2,511)	(7,331)	(7,331)
Retained profit for the period		11,839	(6,350)	5,489	15,774	10,166	28,016	21,943
Earnings per ordinary share	5	7.7p	(3.4p)	4.3p	9.0p	6.3p	17.7p	14.6p
Fully diluted earnings per ordinary share	5	7.7p	(3.4p)	4.3p	9.0p	6.2p	17.6p	14.6p
Dividend per share	11	-	-	1.46p	-	1.33p	-	3.89p

All activities relate to continuing operations.

There were no gains or losses recognised in any of the above results other than the profit for the period.



Cash flow statement

for the six months ended 23 January 2005

	Notes	Unaudited half year 2005 £000	Unaudited half year 2005 £000	Unaudited half year 2004 £000	Unaudited half year 2004 £000	Audited full year 2004 £000	Audited full year 2004 £000
Net cash inflow from operating activities	6	62,002	62,002	69,289	69,289	128,874	128,874
Returns on investments and servicing of finance							
Interest received		3,571	3,571	84	84	20	20
Interest paid – existing pubs		(12,590)	(12,590)	(10,165)	(10,165)	(19,329)	(19,329)
Refinancing costs paid		-	-	-	-	(1,325)	-
Net cash outflow from returns on investment and servicing of finance		(9,019)		(10,081)		(20,634)	
Taxation							
Corporation tax paid		(6,363)	(6,363)	(7,087)	(7,087)	(13,942)	(13,942)
Capital expenditure							
Purchase of tangible fixed assets for existing pubs		(8,180)	(8,180)	(8,148)	(8,148)	(20,590)	(20,590)
Proceeds of sale of tangible fixed assets		6,546		6,796		7,891	
Purchase of own shares for Share Incentive Plan		(1,989)	(1,989)	-	-	(1,556)	(1,556)
Investment in new pubs and pub extensions		(18,616)		(25,572)		(54,056)	
Net cash outflow from capital expenditure		(22,239)		(26,924)		(68,311)	
Equity dividends paid		(4,839)		(4,700)		(7,322)	
Net cash inflow before financing		19,542		20,497		18,665	
Financing							
Issue of ordinary shares		86		349		1,219	
Purchase of own shares		(9,416)		(25,744)		(48,583)	
(Repayments)/advances under bank loans		(2,500)		(2,414)		22,928	
Advances under US senior notes		-		22		271	
Net cash outflow from financing		(11,830)		(27,787)		(24,165)	
Increase/(decrease) in cash	7	7,712		(7,290)		(5,500)	
Free cash flow	5		36,451		43,973		73,477
Free cash flow per ordinary share	5		19.3p		21.7p		36.7p



Summarised balance sheet

as at 23 January 2005

	Notes	Unaudited half year 2005 £000	Unaudited half year 2004 £000	Audited full year 2004 £000
Fixed assets				
Tangible assets	9	772,514	766,410	783,574
Current assets				
Stocks		12,684	12,087	12,009
Assets held for sale		4,554	3,349	1,933
Debtors due after more than one year		-	-	9,005
Debtors due within one year		11,562	15,913	11,897
Cash at bank and in hand		17,372	7,870	9,660
		46,172	39,219	44,504
Creditors due within one year		(142,611)	(138,971)	(150,368)
Net current liabilities		(96,439)	(99,752)	(105,864)
Total assets less current liabilities		676,075	666,658	677,710
Creditors due after one year		(321,030)	(297,313)	(322,512)
Provisions for liabilities and charges		(66,282)	(63,555)	(66,244)
Total net assets		288,763	305,790	288,954
Capital and reserves				
Called up share capital		3,748	3,975	3,783
Share premium account		128,425	127,084	128,340
Capital redemption reserve		581	343	545
Revaluation reserve		22,755	23,075	23,117
Profit and loss account		133,254	151,313	133,169
Equity shareholders' funds	10	288,763	305,790	288,954



Notes

1 Basis of preparation

The interim report for the six months ended 23 January 2005 is unaudited and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. It has been prepared under the historical cost convention modified by the revaluation of freehold and leasehold properties, and on a basis consistent with the accounting policies for the year ended 25 July 2004. The results for the year ended 25 July 2004 and the balance sheet at that date are an extract from the statutory accounts for that year, which have been filed with the Registrar of Companies and on which the Company's auditors gave an unqualified report under Section 235 of the Companies Act 1985, which did not contain a statement under Section 237(2) or (3) of that Act. The results for the six months ended 25 January 2004 are an extract from the unaudited interim report for that period. Comparative amounts have been restated where necessary to conform to current presentation in that certain items have been reclassified from administrative expenses to cost of sales.

2 Analysis of continuing operations

	Unaudited half year 2005 £000	Unaudited half year 2004 £000	Audited full year 2004 £000
Turnover	403,341	388,964	787,126
Cost of sales	(350,035)	(332,345)	(672,481)
Gross profit	53,306	56,619	114,645
Administrative expenses	(18,941)	(18,058)	(37,017)
Operating profit before exceptional items	34,365	38,561	77,628

Cost of sales includes distribution costs and all pub operating costs.

3 Exceptional items

	Unaudited half year 2005 £000	Unaudited half year 2004 £000	Audited full year 2004 £000
Operating items:			
Distribution start up costs	2,229	-	-
Non-operating items:			
Net loss on disposal and anticipated disposal of trading properties	5,818	6,732	6,159
Net loss on disposal and anticipated disposal of non trading properties	-	366	1,599
	8,047	7,098	7,758



4 Taxation

The taxation charge for the six months ended 23 January 2005 is calculated by applying an estimate of the effective tax rate for the year ending 31 July 2005. The UK standard rate of corporation tax is 30% (2004: 30%), and the latest estimate of the current tax payable on profits before exceptional items for the financial year ending 24 July 2005 is 30% (2004: 25%).

	Unaudited half year 2005 £000 Before exceptional items	Unaudited half year 2005 £000 Exceptional items	Unaudited half year 2005 £000 After exceptional items	Unaudited half year 2004 £000 Before exceptional items	Unaudited half year 2004 £000 After exceptional items	Audited full year 2004 £000 Before exceptional items	Audited full year 2004 £000 After exceptional items
Current tax	6,705	(669)	6,036	6,858	6,911	13,165	13,217
Deferred tax	1,068	(1,028)	40	2,679	1,136	5,562	3,825
Tax on profit on ordinary activities	7,773	(1,697)	6,076	9,537	8,047	18,727	17,042

5 Earnings and cash flow per share

The calculation of basic earnings per share is based on profits on ordinary activities after taxation of £8,221,000 (2004: £12,677,000) and on 188,616,286 (2004: 202,693,580) ordinary shares, being the weighted average number of ordinary shares in issue and ranking for dividend during the period.

Earnings per share before exceptional items is calculated as follows:

	Unaudited half year Earnings 2005 £000	Unaudited half year Earnings 2004 £000	Earnings per share 2005 pence	Earnings per share 2004 pence
Earnings and basic earnings per share	8,221	12,677	4.3	6.3
Exceptional costs, net of tax	6,350	5,608	3.4	2.7
Earnings and earnings per share before exceptional items	14,571	18,285	7.7	9.0

Fully diluted earnings per share has been calculated in accordance with FRS14 and is after allowing for the dilutive effect of the conversion into ordinary shares of the weighted average number of options outstanding during the period. The number of shares used for the fully diluted calculation is 188,845,052 (2004: 203,205,682).

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 existing 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 Incentive Plan ('free cash flow'). It is calculated before taking account of proceeds from property disposals and inflows and outflows of financing from outside sources, dividend payments and is based on the same number of shares in issue as that for the calculation of basic earnings per share.



6 Net cash inflow from operating activities

	Unaudited half year 2005 £000	Unaudited half year 2004 £000	Audited full year 2004 £000
Operating profit	34,365	38,561	77,628
Depreciation of tangible fixed assets	22,522	21,887	43,948
Employee incentive plan	405	-	149
Change in stocks	(675)	(1,335)	(1,257)
Change in debtors	391	674	(37)
Change in creditors	7,292	9,502	8,443
Net cash inflow from operating activities pre exceptional	64,300	69,289	128,874
Outflow related to exceptional items	(2,298)	-	-
Net cash inflow from operating activities	62,002	69,289	128,874

7 Reconciliation of net cash flow to movement in net debt

	Unaudited half year 2005 £000	Unaudited half year 2004 £000	Audited full year 2004 £000
Increase/(decrease) in cash in the year	7,712	(7,290)	(5,500)
Cash outflow/(inflow) from movement in debt financing	2,500	2,392	(23,199)
Movement in net debt during the period	10,212	(4,898)	(28,699)
Opening net debt	(337,559)	(308,860)	(308,860)
Closing net debt	(327,347)	(313,758)	(337,559)

8 Analysis of net debt

	Audited full year 2004 £000	Cash flow £000	Non-cash movement 2005 £000	Unaudited half year 2005 £000
Cash at bank and in hand	9,660	7,712	-	17,372
Debt due within one year	(25,000)	25,000	(25,000)	(25,000)
Debt due after one year	(322,219)	(22,500)	25,000	(319,719)
Net debt	(337,559)	10,212	-	(327,347)



9 Tangible fixed assets

	Unaudited half year 2005 £000	Unaudited half year 2004 £000	Audited full year 2004 £000
Opening net book value	783,574	773,823	773,823
Additions	20,841	32,002	73,543
Disposals	(47)	(10,739)	(17,229)
Transfers to assets held for sale	(9,332)	(6,789)	(2,615)
Depreciation	(22,522)	(21,887)	(43,948)
Closing net book value	772,514	766,410	783,574

10 Capital, reserves and shareholders' funds

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Revaluation reserve £000	Profit and loss account £000	Unaudited half year 2005 shareholders' funds £000
At start of period	3,783	128,340	545	23,117	133,169	288,954
Allotments	1	75	-	-	-	76
Transfer	-	-	-	(362)	362	-
Re-purchase of shares	(36)	-	36	-	(4,184)	(4,184)
Amount deducted in respect of SIP	-	-	-	-	(1,582)	(1,582)
Profit for the period	-	-	-	-	8,221	8,221
Dividends	-	-	-	-	(2,732)	(2,732)
QUEST transfer	-	10	-	-	-	10
At end of period	3,748	128,425	581	22,755	133,254	288,763

11 Dividend

On 27 May 2005 the company will pay an interim dividend of 1.46 pence per share, for the half year ended 23 January 2005 to shareholders on the register at the close of business on 29 April 2005. The unpaid dividends in respect of the year ended 25 July 2004 due on own shares purchased by the company have been credited to the dividend line in the profit and loss account.



Independent review report to J D Wetherspoon plc

Introduction

We have been instructed by the company to review the financial information which comprises a summarised profit and loss account, summarised balance sheet information as at 23 January 2005, summarised cash flow statement, comparative figures and associated notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

This report, including the conclusion, has been prepared for and only for the company for the purpose of the Listing 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.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 23 January 2005.

PricewaterhouseCoopers LLP
Chartered Accountants
London
4 March 2005

Notes:

- (a) The maintenance and integrity of the JD 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 interim report since it was initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.