



7 September 2007

PRESS RELEASE

J D WETHERSPOON PLC PRELIMINARY RESULTS (For the 52 weeks ended 29 July 2007)

**RECORD PROFITS
IMPROVEMENT IN OPERATING MARGIN
TOTAL £77M OF SHARE BUYBACKS, PLUS SIGNIFICANT DIVIDEND INCREASE**

Financial Highlights

	<u>Reported Results</u>	<u>Excluding 53 week last year*</u>
● Turnover £888.5m	+5%	+7%
● Operating profit £91.1m	+9%	+12%
● Profit before tax £62.0m	+6%	+9%
● Adjusted earnings per share 28.1p**	+17%	+20%
● Statutory earnings per share 31.8p***	+32%	+36%
● Free cash flow per share 35.6p (2006: 42.1p)		
● Dividend per share 12.0p (2006: 4.7p)		

Business Highlights

- Like-for-like sales +5.6%
- Like-for-like profits +7.0%
- Record average level of weekly sales per pub £30,600****

*Growth on a 52 week basis excluding benefit of 53rd week last year.

** Excludes one-off deferred tax credit.

*** Includes one-off deferred tax credit.

**** Includes VAT.

Tim Martin, Chairman of J D Wetherspoon plc, comments:

“I am pleased to report another year of good progress for the company. Earnings per share increased by 17% (+20%)* to 28.1 pence. Given the smoking bans and our experience in Scotland, our outlook for like-for-like sales for the 2008 financial year remains cautious, as it involves more uncertainty than usual, although we have no doubt that this legislation will be to the long-term benefit of the licensed trade”.

John Hutson	Chief Executive Officer	01923 477777
Jim Clarke	Finance Director	01923 477777
Eddie Gershon	Company Spokesman	07956 392234

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

2007 CHAIRMAN'S STATEMENT AND OPERATING REVIEW

I am pleased to report another year of good progress for the company. Sales for the year increased by £41.0 million to £888.5 million, a rise of 5% (+7.0%)*. Operating margins were 10.3%, compared with 9.9% in the previous year. Operating profit increased by 9% (+12%)* to £91.1 million and profit before tax by 6% (+9%)* to £62.0 million. Earnings per share increased by 17% (+20%)* to 28.1p, excluding the one-off benefit in the year, resulting from the change to corporation tax rates. Statutory earnings per share, including the benefits of the tax change, increased by 32% to 31.8p (2006: 24.1p).

Average sales per pub increased by 5.5% in the year under review, with like-for-like sales increasing by 5.6%.

**Excluding 53rd week in the previous financial year.*

Net interest was covered 3.1 times (2006: 3.3 times) by operating profit. Free cash flow, after payments of tax, interest, share purchases under the company's share plans and capital investment of £24.0 million in existing pubs, was £52.4 million (2006: £69.7 million), resulting in free cash flow per share of 35.6p (2006: 42.1p). This reduction in free cash flow was mainly due to increases in tax, interest and reinvestment in existing pubs, the latter resulting from the provision of additional outside facilities, in connection with the nationwide ban on smoking in public places.

We opened 18 pubs during the year, compared with 9 in the previous year. The total number of pubs now operated by the company is 671. We intend to open about 30 pubs in the year ending July 2008 and anticipate having sufficient properties in the course of acquisition and development to be able to continue this rate of expansion in future years.

Dividends

The board proposes, subject to shareholders' consent, to pay a final dividend of 8.0p per share on 23 November 2007 to those shareholders on the register on 26 October 2007, bringing the total dividend for the year to 12.0p per share (covered 2.3 times by earnings per share), compared with 4.7p the previous year.

Finance

The company had £88.4 million (2006: £136.6 million) of unutilised banking facilities and cash balances as at the balance sheet date, with total facilities of £522.2 million (2006: £492.2 million). The year's capital expenditure on new pub developments was more than covered by free cash flow. In the current financial year, any cash surplus which the company generates, after capital expenditure and dividends, will be available for debt reduction, share buybacks or a combination of both.

Return of capital

During the year, 13,184,049 shares (representing approximately 9% of the issued share capital) were purchased by the company for cancellation, at a cost of £77.0 million, representing an average cost per share of 584p.

Further progress

As indicated in previous years, our approach is to try to make lots of small improvements in diverse areas of the business, creating momentum in the services and facilities offered to customers, as well as sales and financial momentum for the company.

In recent years, we have endeavoured to increase sales in areas such as coffee, food (especially breakfasts), wine, real ales and specialist spirits.

Coffee sales continue to increase; we are now the number-one seller of Lavazza in the world. In addition, we are the only major pub company to open all pubs for breakfast at 9am daily, selling approximately 250,000 breakfasts each week. Fetzer Coldwater Creek, our Californian house wine, is the biggest brand by volume in the on-trade, in spite of the fact that it is sold only in Wetherspoon pubs. In contrast to many pub companies, our concentration on real ales has resulted in double-digit like-for-like volume increases.

In the course of the past 18 months, we have been concentrating on the sale of Pimm's in our pubs, in the summer months, and now sell more of this product than any other company worldwide.

Food now accounts for more than 30% of our sales, compared with 17% 10 years ago; including those bar purchases made in association with table meals, diners now account for approximately two-thirds of our sales.

We continue to concentrate on recycling and believe that we recycle more than any other pub company. In the year under review, we recycled 3,100 tonnes of cardboard, 1,600 tonnes of cooking oil, 230 tonnes of paper, 80 tonnes of plastic and 30 tonnes of aluminium. In addition, we have commenced a pilot scheme on glass-recycling which we hope to extend to all of our pubs in due course.

Board changes

Jim Clarke, Finance Director, has informed the board of his intention to leave the company. He will continue to work at J D Wetherspoon until the end of October 2007; the board has initiated a thorough process to identify a suitable successor.

Jim has made a significant contribution to the development of the business, leaving J D Wetherspoon on a strong financial footing. I wish him well in his future career.

People

The most important factor in successful pubs is good customer service. Wetherspoon continues to provide a comprehensive employee training system which has won many awards, over the years, from the relevant training bodies. In addition, we provide monthly bonuses for all of our pub staff, whatever their length of service in the company; in the year under review, we spent a total of £19 million on monthly bonuses and share awards for employees. I would like to thank our employees, partners and suppliers, once again, for their excellent work in the past year.

Current trading and outlook

Legislation banning smoking in pubs in Wales and Northern Ireland was introduced in the spring of 2007, followed by a ban in England at the beginning of July. Like-for-like sales in July were +5.3%. In August, like-for-like sales were +1.1%, with strong food sales offset by slowing bar sales. In Scotland, where a ban has been in place since March 2006, sales and margins were under considerable pressure for approximately the first 6 months, before staging an encouraging recovery in the year under review. Given the smoking bans and our experience in Scotland, our outlook for like-for-like sales for the 2008 financial year remains cautious, as it involves more uncertainty than usual, although we have no doubt that this legislation will be to the long-term benefit of the licensed trade. With regard to costs, we believe that the outlook for the current financial year is approximately neutral, with a decline in utilities charges being offset by higher payments for interest and wages.

We continue our efforts to improve the business. For example, we are introducing a new menu in October and also planning Britain's largest-ever real-ale festival, taking place on 1–18 November and featuring 50 ales from Britain's regional and microbrewers.

As a result of our strong cash flow, our dedicated management team and our efforts to improve every area of the business, we remain confident of our prospects.

Tim Martin

Chairman

7 September 2007

Income Statement for the 52 weeks ended 29 July 2007

	Notes	52 weeks ended 29 July 2007	53 weeks ended 30 July 2006
		Total £000	Total £000
Revenue		888,473	847,516
Operating costs		(797,360)	(763,900)
Operating profit		91,113	83,616
Finance income	2	206	124
Finance costs	2	(29,295)	(25,352)
Profit before tax		62,024	58,388
Tax expense	3	(15,190)	(18,487)
Profit for the year		46,834	39,901
Earnings per share (pence)	4		
Earnings per ordinary share		31.8	24.1
Adjusted earnings per ordinary share (excluding one off benefit to tax charge)		28.1	24.1
Fully diluted earnings per share		31.6	24.0
Adjusted fully diluted earnings per share (excluding one off benefit to tax charge)		27.9	24.0
Ordinary dividends declared and paid during the period:	7		
Final dividend for 2005/06: 3.1p (2004/05: 2.82p)		4,537	4,749
Interim dividend for 2006/07: 4.0p (2006: 1.6p)		5,758	2,618
Ordinary dividends declared in respect of the period:	7		
Interim dividend for 2006/07: 4.0p (2005/06: 1.6p)		5,758	2,618
Final dividend for 2006/07: 8.0p (2005/06: 3.1p)		11,396	4,537

All activities relate to continuing operations.

Statement of recognised income and expense for the 52 weeks ended 29 July 2007

	52 weeks ended 29 July 2007	53 weeks ended 30 July 2006
	£000	£000
Cash flow hedges: gain taken to equity	5,833	4,871
Tax on items taken directly to equity	(1,777)	(1,462)
Net gain recognised directly in equity	4,056	3,409
Profit for the year	46,834	39,901
Total recognised income for the year	50,890	43,310

Cash flow statement for the 52 weeks ended 29 July 2007

	Notes	52 weeks ended 29 July 2007 £000	52 weeks ended 29 July 2007 £000	53 weeks ended 30 July 2006 £000	53 weeks ended 30 July 2006 £000
Cash flows from operating activities					
Cash generated from operations	5	124,933	124,933	133,366	133,366
Interest received		189	189	290	290
Interest paid		(27,610)	(27,610)	(23,441)	(23,441)
Refinancing cost paid		-	-	(1,412)	(1,412)
Corporation tax paid		(19,598)	(19,598)	(14,812)	(14,812)
Purchase of own shares for share based payments		(1,489)	(1,489)	(3,469)	(3,469)
Net cash inflow from operating activities		76,425	76,425	90,522	90,522
Cash flows from investing activities					
Purchase of property, plant and equipment and intangible assets for existing pubs		(24,046)	(24,046)	(20,810)	(20,810)
Proceeds of sale of property, plant and equipment		4,768		4,645	
Investment in new pubs and pub extensions		(51,951)		(16,766)	
Net cash out flow from investing activities		(71,229)		(32,931)	
Cash flows from financing activities					
Equity dividends paid	7	(10,295)		(7,367)	
Proceeds from issue of ordinary shares		5,927		6,974	
Purchase of own shares		(77,015)		(78,683)	
Advances under bank loans		76,135		304,504	
Repayments under bank loans		-		(280,000)	
Finance lease principal payments		(1,988)		-	
Net cash outflow from financing activities		(7,236)		(54,572)	
Net increase/(decrease) in cash and cash equivalents	6	(2,040)		3,019	
Opening cash and cash equivalents		21,092		18,073	
Closing cash and cash equivalents		19,052		21,092	
Free cash flow	4		52,379		69,712
Free cash flow per ordinary share	4		35.6p		42.1p

Balance sheet as at 29 July 2007

	Notes	29 July 2007 £000	30 July 2006 £000
Assets			
Non-current assets			
Property, plant and equipment		782,269	743,826
Intangible assets		3,566	2,858
Other non-current assets		6,685	6,974
Deferred income tax asset		975	3,030
Total non-current assets		793,495	756,688
Current Assets			
Inventories		19,029	13,688
Other receivables		11,761	10,027
Cash and cash equivalents		19,052	21,092
Total current assets		49,842	44,807
Assets held for sale		848	2,431
Total Assets		844,185	803,926
Liabilities			
Current Liabilities			
Trade and other payables		(119,183)	(118,130)
Financial liabilities		(559)	-
Current income tax liabilities		(9,679)	(10,809)
Total Current Liabilities		(129,421)	(128,939)
Non-current Liabilities			
Financial liabilities		(440,232)	(368,717)
Derivative financial instruments		(16,335)	(15,156)
Deferred tax liabilities		(79,400)	(82,958)
Provisions and other liabilities		(6,190)	(6,581)
Total non-current liabilities		(542,157)	(473,412)
Net Assets		172,607	201,575
Shareholders Equity			
Ordinary shares		2,849	3,076
Share premium account		141,422	135,532
Capital redemption reserve		1,569	1,305
Retained earnings		26,767	61,662
Total shareholders' equity	8	172,607	201,575

1 Authorisation of financial statements and statement of compliance with IFRSs

The preliminary announcement for the 52 week period ended 29 July 2007 has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union at 29 July 2007. Details of the accounting policies adopted in this preliminary announcement are set out within the investors section of the Company's website, www.jdwetherspoon.co.uk.

These preliminary statements do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. They have, however, been extracted from the statutory accounts for the period ended 29 July 2007 on which an unqualified report has been made by the company's auditors.

The 2006 statutory accounts have been filed with Registrar of Companies. The 2007 statutory accounts will be sent to shareholders in October 2007 and will be filed with the Registrar of Companies following their adoption at the forthcoming Annual General Meeting.

2 Finance income and costs

	52 weeks ended 29 July 2007 £000	53 weeks ended 30 July 2006 £000
Finance costs		
Interest payable on bank loans and overdrafts	22,685	22,407
Interest payable on US senior loan notes	6,027	2,769
Amortisation of bank loan issue costs	474	176
Interest payable on obligations under finance leases	109	-
	29,295	25,352
Finance costs	29,295	25,352
Bank interest receivable	(206)	(124)
Total net finance cost	29,089	25,228

3 Taxation

(a) Tax on profit on ordinary activities

Tax charged in the income statement

	52 weeks ended 29 July 2007 £000	53 weeks ended 30 July 2006 £000
Current income tax:		
Current income tax charge	18,470	18,065
Total current income tax	18,470	18,065
Deferred tax:		
Origination and reversal of timing differences	2,192	422
Adjustment in respect of a change in tax rate	(5,472)	-
Total deferred tax	(3,280)	422
Tax charge in the income statement	15,190	18,487

A one off credit has been recognised in the accounts to reflect the changes in deferred tax balances arising from a reduction in corporate tax rates in United Kingdom which have been substantively enacted at the balance sheet date.

4 Earnings and cash flow per share

Basic earnings per share has been calculated by dividing the profit attributable to equity holders of £46,834,000 (2006: £39,901,000) by the weighted average number of shares in issue during the year of 147,256,488 (2006: 165,694,582).

Diluted earnings per share has been calculated on a similar basis taking account of 910,449 (2006: 545,980) dilutive potential shares under option, giving a weighted average number of ordinary shares adjusted for the effect of dilution of 148,166,937 (2006: 166,240,832).

An adjusted earnings per share has also been included to reflect the impact of the deferred taxation credit arising from the corporation tax rate change.

Earnings per share	Earnings		Basic earnings per share		Diluted earnings per share	
	52 weeks ended 29 July 2007 £000	53 weeks ended 30 July 2006 £000	52 weeks ended 29 July 2007 pence	53 weeks ended 30 July 2006 pence	52 weeks ended 29 July 2006 pence	53 weeks ended 30 July 2006 pence
Profit for the year	46,834	39,901	31.8	24.1	31.6	24.0
Adjusted profit for the year (excluding one off benefit to tax charge)	41,362	39,901	28.1	24.1	27.9	24.0

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 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.

5 Cash generated from operations

	52 weeks ended 29 July 2007 £000	53 weeks ended 30 July 2006 £000
Profit attributable to shareholders	46,834	39,901
Adjusted for:		
Tax	15,190	18,487
Amortisation of intangible assets	1,044	1,079
Depreciation of Property, Plant and Equipment	42,554	42,127
Lease premium amortisation	348	187
Share based payments	3,014	2,480
Interest income	(206)	(124)
Interest expense	28,821	25,176
Amortisation of bank loan issue costs	474	176
Impairment of fixed assets	876	-
Net profit on disposal and anticipated disposal of trading properties	(1,281)	-
	137,668	129,489
Change in inventories	(5,341)	(911)
Change in receivables	(1,717)	2,003
Change in payables	(5,677)	2,785
Net cash inflow from operating activities	124,933	133,366

6 Analysis of changes in net debt

	At 30 July 2006 £000	Cash flows £000	Non-cash movement £000	At 29 July 2007 £000
Cash at bank and in hand	21,092	(2,040)	-	19,052
Debt due after one year	(368,717)	(76,135)	7,012	(437,840)
Derivative financial instrument – fair value hedge	(8,005)	-	(7,012)	(15,017)
	(355,630)	(78,175)	-	(433,805)
Derivative financial instrument – cash flow hedge	(7,151)	-	5,833	(1,318)
	(362,781)	(78,175)	5,833	(435,123)

7 Dividends paid and proposed

	52 weeks ended 29 July 2007 £000	53 weeks ended 30 July 2006 £000
Declared and paid during the year:		
Dividends on ordinary shares:		
Final dividend for 2005/06: 3.1p (2004/05: 2.82p)	4,537	4,749
Interim for 2007: 4.0p (2006: 1.6p)	5,758	2,618
Dividends paid	10,295	7,367
Proposed for approval by shareholders at the AGM:		
Final dividend for 2006/07: 8.0p (2005/06: 3.1p)	11,396	4,537

On 23 November 2007 the Company intends to recommend a final dividend of 8.0 pence per share, for the year ended 29 July 2007 to shareholders on the register at close of business on 26 October 2007. These preliminary results do not reflect this dividend payable.

8 Statement of changes in shareholders equity

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Total £000
At 25 July 2005	3,458	128,607	874	105,391	238,330
Exercise of options	49	6,925		-	6,974
Re-purchase of shares	(431)		431	(78,683)	(78,683)
Share based payments				2,480	2,480
Purchase of shares held in trust				(3,469)	(3,469)
Profit for the year				39,901	39,901
Cash flow hedges: gain taken to equity				4,871	4,871
Tax on items taken directly to equity				(1,462)	(1,462)
Dividends				(7,367)	(7,367)
At 30 July 2006	3,076	135,532	1,305	61,662	201,575
Exercise of options	37	5,890			5,927
Re-purchase of shares	(264)		264	(77,015)	(77,015)
Share based payments				3,014	3,014
Purchase of shares held in trust				(1,489)	(1,489)
Profit for the year				46,834	46,834
Cash flow hedges: gain taken to equity				5,833	5,833
Tax on items taken directly to equity				(1,777)	(1,777)
Dividends				(10,295)	(10,295)
At 29 July 2007	2,849	141,422	1,569	26,767	172,607