

J D WETHERSPOON PLC
Wetherspoon House
Central Park
Reeds Crescent
Watford
Hertfordshire
WD24 4QL

Telephone 01923 477777
www.jdwetherspoon.co.uk

J D WETHERSPOON PLC

INTERIM REPORT 2003



CHAIRMAN'S STATEMENT

I am pleased to report further progress during the half year to 26 January 2003. Sales increased by 23% to £350.6 million. Operating profit increased by 5% to £35.0 million and profit before tax by 3% to £25.6 million. Earnings per share rose by 1% to 7.8p.

Capital investment was £52.6 million and net gearing at the period end was 97% (2002: 93%). Net interest was covered 3.7 times (2002: 3.9 times) by operating profits. Operating margins before depreciation, interest and tax were 16.1% compared to 17.9%, mainly as a result of higher wages, excise duty, insurance and repairs.

Free cashflow, after capital investment of £9.2 million in existing pubs and payments of tax and interest, increased by 9% to £40.6 million resulting in free cashflow per share of 18.9p before investment in new pubs and dividend payments. 86% of capital expenditure on new pubs was financed by cash

flow, compared to 54% in the equivalent period last year.

Sales in Lloyds pubs continued their strong performance, with the original 10 now achieving weekly sales of over £30,000 on average.

Economic profit, calculated by adding depreciation to profit after tax (excluding deferred tax) and subtracting capital investment in existing pubs, increased by 4% to £32.5 million.

DIVIDEND

The Board has declared an interim dividend of 1.21p per ordinary share, a 10% increase on last year. A scrip alternative will again be offered to shareholders.

FURTHER PROGRESS

We opened 21 pubs during the period bringing the total number to 629. The new pubs demonstrated encouraging levels of sales and our existing pubs performed well, with like for like sales increasing by 4.7%.

Progress continued during the period in many areas. Sales of food, traditional ales, wines and coffee were particularly

HIGHLIGHTS

Turnover **up 23%** to £350.6m

Profit before tax **up 3%** to £25.6m

Earnings per share **up 1%** to 7.8p

Free cash flow per share **up 8%** to 18.9p

Interim dividend per share **up 10%** to 1.21p

21 pubs opened, total now **629**

strong, reflecting trends in the business in recent years.

Sales in Lloyds pubs continued their strong performance, with the original 10 now achieving weekly sales of over £30,000 on average. We have opened an additional 5 Lloyds in the period bringing the number to 44, and the sales of the entire Lloyds group has also averaged over £30,000 in the period under review.

The company continues to concentrate on the quality of its people and the environment we create in our pubs. In this respect, we have won the Supreme Training Award for managed houses from the British Institute of Innkeeping for the second year in a row, as well as winning an award for the best toilets in England, Scotland and Wales, also for the second year in a row. Our policy on salaries and bonuses has resulted in our

lowest ever manager turnover. We believe that this leads to significant benefits for the business in the long term and helps to provide the standard that should be expected by our customers.

. . . we have won the Supreme Training Award for managed houses from the British Institute of Innkeeping for the second year in a row. . .

PEOPLE

I would like to thank all my colleagues at Wetherspoon, and our suppliers and partners, for their dedicated efforts in the last six months.

PROSPECTS

Like for like sales in February 2003 increased by 4.9%, and we opened 7

new pubs. There are 14 sites in the course of construction, 43 with the necessary permissions for development, a further 27 on which terms have been agreed and 120 currently in negotiations. It is anticipated that we will open approximately 50 pubs in the current financial year.

Our results for the last six months have been affected by a considerable increase in costs as well as by the trading patterns previously announced. I believe these cost increases will abate in the future and that, combined with our continued sales growth and opening programme, should provide a profitable and cash generative future for the company. We remain therefore confident of future prospects.

Tim Martin

Chairman
7 March 2003

PROFIT AND LOSS ACCOUNT for the six months ended 26 January 2003

	Notes	Unaudited half year 2003 £000	Unaudited half year 2002 £000	Audited full year 2002 £000
Turnover		350,606	285,178	601,295
Operating profit	2	35,013	33,431	70,085
Net interest payable		(9,402)	(8,546)	(16,517)
Profit on ordinary activities before taxation		25,611	24,885	53,568
Tax on profit on ordinary activities	3	(8,913)	(8,466)	(18,152)
Profit on ordinary activities after taxation		16,698	16,419	35,416
Dividends	10	(2,599)	(2,353)	(6,902)
Retained profit for the period		14,099	14,066	28,514
Earnings per ordinary share	4	7.8p	7.7p	16.6p
Fully diluted earnings per ordinary share	4	7.8p	7.6p	16.4p
Dividend per share	10	1.21p	1.10p	3.22p

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 26 January 2003

	Notes	Unaudited half year 2003 £000	Unaudited half year 2003 £000	Unaudited half year 2002 £000	Unaudited half year 2002 £000	Audited half year 2002 £000	Audited half year 2002 £000
Net cash inflow from operating activities	5	62,395	62,395	54,355	54,355	113,700	113,700
Returns on investments and servicing of finance							
Interest received		11	11	42	42	53	53
Interest paid – existing pubs		(8,573)	(8,573)	(8,590)	(8,590)	(17,346)	(17,346)
Interest paid and capitalised into new pubs		(1,049)		(948)		(2,254)	
Net cash outflow from returns on investment and servicing of finance		(9,611)		(9,496)		(19,547)	
Taxation							
Corporation tax paid		(3,975)	(3,975)	(1,555)	(1,555)	(6,311)	(6,311)
Capital expenditure							
Purchase of tangible fixed assets for existing pubs		(9,220)	(9,220)	(7,121)	(7,121)	(18,726)	(18,726)
Purchase of own shares for ESOP trust		(153)		–		–	
Proceeds of sales of tangible fixed assets		–		–		412	
Investment in new pubs and pub extensions		(47,491)		(69,084)		(132,096)	
Net cash outflow from capital expenditure		(56,864)		(76,205)		(150,410)	
Equity dividends paid		(4,334)		(2,810)		(4,445)	
Net cash outflow before financing		(12,389)		(35,711)		(67,013)	
Financing							
Issue of ordinary shares		215		5,435		5,750	
Advances under bank loans		9,920		29,935		65,037	
Advances under US senior loan notes		22		22		44	
Net cash inflow from financing		10,157		35,392		70,831	
(Decrease)/Increase in cash	6	(2,232)		(319)		3,818	
Free cash flow	4		40,638		37,131		71,370
Free cash flow per ordinary share	4		18.9p		17.5p		33.5p

SUMMARISED BALANCE SHEET as at 26 January 2003

	Notes	Unaudited half year 2003 £000	Unaudited half year 2002 £000	Audited full year 2002 £000
Fixed assets				
Tangible assets	8	776,305	676,261	745,041
Current assets				
Stocks		10,769	7,161	8,594
Debtors due after more than one year		8,053	7,323	7,682
Debtors due within one year		11,048	7,966	8,237
Investments		228	550	203
Cash		11,377	9,472	13,609
Creditors due within one year		(129,554)	(92,347)	(122,919)
Net current liabilities		(88,079)	(59,875)	(84,594)
Total assets less current liabilities		688,226	616,386	660,447
Creditors due after one year		(302,482)	(270,455)	(292,915)
Provisions for liabilities and charges		(61,082)	(52,282)	(57,399)
Total net assets		324,662	293,649	310,133
Capital and reserves				
Called up share capital		4,295	4,276	4,292
Share premium account		125,246	122,531	124,819
Revaluation reserve		23,048	23,734	23,386
Profit and loss account		172,073	143,108	157,636
Equity shareholders' funds	9	324,662	293,649	310,133

NOTES

1 Basis of preparation

The interim report for the six months ended 26 January 2003 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 28 July 2002. The results for the year ended 28 July 2002 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 27 January 2002 are an extract from the unaudited interim report for that period.

2 Operating profit

	Unaudited half year 2003 £000	Unaudited half year 2002 £000	Audited full year 2002 £000
Turnover	350,606	285,178	601,295
Cost of sales	(299,822)	(238,036)	(503,699)
Gross profit	50,784	47,142	97,596
Administrative expenses	(15,771)	(13,711)	(27,511)
Operating profit	35,013	33,431	70,085

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

3 Taxation

The taxation charge for the six months ended 26 January 2003 is calculated by applying an estimate of the effective tax rate for the year ending 27 July 2003. The UK standard rate of corporation tax is 30% (2002: 30%), whereas the latest estimate of the current tax payable on profits for the financial year ending 27 July 2003 is 20% (2002: 16%).

	Unaudited half year 2003 £000	Unaudited half year 2002 £000	Audited full year 2002 £000
Current tax	5,230	3,987	8,556
Deferred tax	3,683	4,479	9,596
Tax on profit on ordinary activities	8,913	8,466	18,152

4 Earnings and cash flow per share

The calculation of basic earnings per share is based on profit on ordinary activities after taxation for the period of £16,698,000 (2002: £16,419,000) and on 214,694,977 (2002: 212,189,707) ordinary shares, being the weighted average number of ordinary shares in issue and ranking for dividend during the period.

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 215,159,001 (2002: 214,703,771).

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 on existing pubs, tax and all other reinvestment in pubs open at the start of the period ('free cash flow'). It is calculated before taking account of proceeds from property disposals and inflows and outflows of financing from outside sources and dividend payments, and is based on the same number of shares in issue as for the calculation of basic earnings per share.

NOTES

5 Net cash inflow from operating activities

	Unaudited half year 2003 £000	Unaudited half year 2002 £000	Audited full year 2002 £000
Operating profit	35,013	33,431	70,085
Profit on disposal of fixed assets	-	-	(24)
Depreciation of tangible fixed assets	21,308	17,504	36,343
Change in stocks	(2,175)	342	(1,091)
Change in debtors	(2,814)	(511)	(1,395)
Change in creditors	11,063	3,589	9,782
	62,395	54,355	113,700

6 Reconciliation of net cash flow to movement in net debt

	Unaudited half year 2003 £000	Unaudited half year 2002 £000	Audited full year 2002 £000
(Decrease)/Increase in cash in the period	(2,232)	(319)	3,818
Cash inflow from increase in debt financing	(9,942)	(29,957)	(65,081)
Movement in net debt during the period	(12,174)	(30,276)	(61,263)
Opening net debt	(302,840)	(241,577)	(241,577)
Closing net debt	(315,014)	(271,853)	(302,840)

7 Analysis of net debt

	Audited full year 2002 £000	Cash flow £000	Non-Cash Movement 2003 £000	Unaudited half year 2003 £000
Cash at bank and in hand	13,609	(2,232)	-	11,377
Debt due within one year	(24,831)	12,414	(12,414)	(24,831)
Debt due after one year	(291,618)	(22,356)	12,414	(301,560)
Net debt	(302,840)	(12,174)	-	(315,014)

8 Tangible fixed assets

	Unaudited half year 2003 £000	Unaudited half year 2002 £000	Audited full year 2002 £000
Opening net book value	745,041	625,903	625,903
Additions	52,572	67,862	155,869
Disposals	-	-	(388)
Depreciation	(21,308)	(17,504)	(36,343)
Closing net book value	776,305	676,261	745,041

9 Capital, reserves and shareholders' funds

	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Profit and loss account £000	Unaudited half year 2003 shareholders' funds £000	Audited full year 2002 shareholders' funds £000
At start of period	4,292	124,819	23,386	157,636	310,133	273,839
Allotments	3	427	-	-	430	7,739
Transfer	-	-	(338)	338	-	-
Profit for the period	-	-	-	16,698	16,698	35,416
Dividends	-	-	-	(2,599)	(2,599)	(6,902)
Shares allotted and contributed to QUEST	-	-	-	-	-	41
At end of period	4,295	125,246	23,048	172,073	324,662	310,133

10 Dividend

On 23 May 2003 the company will pay an interim dividend of 1.21 pence per share, for the half year ended 26 January 2003 to shareholders on the register at the close of business on 21 March 2003.

As in previous years, a scrip alternative will be offered. Many shareholders already participate in the scrip dividend scheme and wish to receive shares in lieu of cash, while others have previously received cash dividends and may wish to continue doing so. In either case shareholders need take no further action.

If any shareholder wishes to alter the form in which he/she receive their dividends, he/she should advise the company's registrars, Computershare Investor Services plc, PO Box 82, The Pavilions, Bridgewater Road, Bristol, BS99 7NH in writing no later than 25 April 2003.

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, 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 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 26 January 2003.

PricewaterhouseCoopers LLP

Chartered Accountants
London
7 March 2003

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.