J D WETHERSPOON PLC

PRESS RELEASE

J D Wetherspoon plc announces its preliminary results for the year ended 24 July 2005.

Highlights

Turnover up 3% to £809.9m

Operating margin (before exceptional items) 8.7% (last year 9.9%)

Like-for-like sales -0.6%

Profit before tax (before exceptional items) down 15% to £46.1m

Profit before tax (after exceptional items) down 16% to £38.7m

Earnings per share (before exceptional items) down 7% to 16.4p

Earnings per share (after exceptional items) down 10% to 13.1p

Free cash flow down 6% to £68.8m

Free cash flow per share 37.1p (last year 36.7p)

Dividend per share increased by 10%

13 pubs opened, 1 sold, creating a total of 655

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

"Sales for the year increased by £22.7 million to £809.9 million, a rise of 3%. Free cash flow, after payments of tax, interest and capital investment of £14.2 million in existing pubs, decreased by 6% to £68.8 million, resulting in free cash flow per share of 37.1p, more than double earnings per share. The company, as indicated in our interim results statement, has made considerable efforts to reduce costs, both at head office and in the pubs. We are also keeping a tight grip on capital investments, pending clarity on the impact of a smoking ban – initially in Scotland and then in the rest of the UK. "

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 2 September 2005

CHAIRMAN'S STATEMENT AND OPERATING REVIEW

Sales for the year increased by £22.7 million to £809.9 million, a rise of 3%. Operating margins (before exceptional items) were 8.7%, compared with 9.9% last year, mainly as a result of the anticipated higher labour, utilities and repair costs. Operating profit (before exceptional items) decreased by 9% to £70.4 million, and profit before tax (before exceptional items) reduced by 15% to £46.1 million. Profit before tax (after exceptional items) was £38.7 million (2004: £46.3 million). Earnings per share (before exceptional items) decreased by 7% to 16.4p, with earnings per share (after exceptional items) being 13.1p (2004: 14.6p).

Cash outflow, in respect of capital investment, was £38.7 million, and net gearing at the year end was 129% (2004: 117%). This increase in gearing was due to a reduction in the number of shares in issue as a result of share purchases by the company. Net interest was covered 2.9 times (2004: 3.3 times) by operating profit (before exceptional items). Free cash flow, after payments of tax, interest and capital investment of £14.2 million in existing pubs, decreased by 6% to £68.8 million, resulting in free cash flow per share of 37.1p, more than double earnings per share.

The company recorded exceptional losses in the year of £7.4 million before taxation (2004: £7.8 million). This amount included the anticipated loss on the sale of 8 pubs, together with provisions against several other properties. It also includes £3.0 million of exceptional start-up costs, under our new distribution arrangements, and £0.9 million of restructuring costs.

We opened 13 pubs during the year, compared with 28 in the previous year. The total number of pubs now operated by the company is 655. Average sales per pub increased by 1% in the year under review, with like-for-like sales declining by 0.6%, offset by higher sales from newly opened pubs.

Dividends

The board proposes, subject to shareholders' consent, to pay a final dividend of 2.82p per share on 25 November 2005 to those shareholders on the register on 28 October 2005, bringing the total dividend for the year to 4.28p per share, a 10% increase on the previous year.

Finance

The company had £53.1 million (2004: £74.7 million) of unutilised banking facilities and cash balances as at the balance sheet date, with total facilities of £387 million (2004: £412 million). The year's capital expenditure on new pub developments was more than covered by free cash flow. We anticipate that, in the current financial year, the company will generate a cash surplus, after capital expenditure and dividends, which will be available for debt reduction, share buybacks or a combination of both.

Return of capital

During the year, 16,455,000 shares (representing approximately 9% of the issued share capital) were purchased by the company for cancellation, at a cost of £43.1 million, representing an average cost per share of 262p. There was a cash outflow in the year, in respect of shares purchased, of £45.7 million.

Contribution to the UK economy

Pubs often receive criticism for antisocial behaviour, resulting from excessive drinking. However, it should be borne in mind that the percentage of alcoholic drinks consumed in pubs has declined dramatically in the last 25 years, from approximately 83% of total consumption to approximately 60% now.

In assessing the effect of companies like Wetherspoon on the economy, it is important to note that we pay approximately £311 million in annual taxes of one kind or another. In addition, almost all of our remaining turnover involves payments to our 18,000 staff and independent British and Irish companies, many of which are small businesses. The great majority of our customers is extremely well behaved, and the company makes a major contribution towards the economy.

Licensing

In April 2004, the company was successful in renewing the licenses of all of our existing pubs, without any objections from either local residents or the police, and also successfully lodged licensing applications for all of our pubs and managers under the new legislation. Most pubs have not yet had their applications granted, but the indications are that permission will be granted and that pubs will, therefore, be able to open approximately one hour later than now, on weekdays, and approximately 1–2 hours later, on Friday and Saturday evenings. These hours are similar to those operated in Northern Ireland and Scotland, where the company trades successfully and where there does not appear to be significantly greater problems of social disorder than in England and Wales.

The process involves considerable initial and continuing expense, and we strongly argued in favour of the retention of magistrates, but the administration so far of licensing by local authorities has not caused undue problems.

The trading environment

As indicated in our recent annual announcements, pubs in general have experienced a considerable increase in competition from supermarkets, the off-trade generally and from duty-free imports from the continent. This has been combined with a reduction in the number of people visiting many town and city centres, as a result of unfavourable media coverage of problems associated with excessive drinking in some areas.

Wetherspoon has attempted to address some of these issues. We continue the strong promotion of food, soft drinks and coffee. We have also, alone among our competitors, banned 2-for-1 drink offers and the discounting of double measures of spirits. In the case of spirits, this has resulted in the percentage of double measures reducing from 90% to 50% in the course of the last two years. This may have had some impact on turnover and profitability, but indicates our willingness to adopt sensible policies and our co-operation with the authorities in this area.

Non-smoking

We have continued opening non-smoking pubs and have now opened 7 new pubs which do not permit smoking and have converted 29 existing pubs to this format. We plan to bring the total number of non-smoking pubs to approximately 50 by this Christmas. This will then allow us to review the performance of these non-smoking conversions in the early part of 2006.

The initial impact of introducing non-smoking in existing pubs has resulted in turnover declining by approximately 7% and profit margins declining, as there is a significant swing from bar sales to lower-margin food sales and a consequential increase in labour costs.

A ban on smoking in pubs, as most commentators agree, is inevitable – and we feel that it is important to learn, as early as possible, about the nature of the impact and the types of marketing and other policies which can be adopted to minimise the economic impact on our business.

Some critics have stated that it would be better to wait until smoking is banned, before banning it in our own pubs. However, we feel that it is better to take the initiative, rather than adopting a non-smoking policy at the same time as everyone else, without significant previous experience of its impact.

Board changes

Tony Lowrie resigned as a non-executive director of the company on 23 March 2005, and Brian Jervis has intimated that he will not seek re-election at this year's annual general meeting. I would like to thank both Tony and Brian for their significant contribution to the company over the years. Liz McMeikan was appointed as non-executive director on 1 April 2005, and it is our intention to appoint a further non-executive director, following Brian's intended resignation.

People

I would like to thank our employees, partners and suppliers for their dedicated work in what has been a challenging year for the company.

International financial reporting standards (IFRS)

The company is required to report for the first time under IFRS for the 6 months to January 2006. This transition is not expected to have any significant impact on the stated results of the company and preparations for the transition are well advanced. A separate announcement detailing the impact of IFRS on the opening balance sheet and profits is anticipated in November 2005.

The likely areas of impact include the treatment of lease incentives, property leases, deferred tax on rolled over property gains and interest rate hedging.

Current trading and outlook

Like-for-like sales in August declined by 1.7%. The company, as indicated in our interim results statement, has made considerable efforts to reduce costs, both at head office and in the pubs. We are also keeping a tight grip on capital investments, pending clarity on the impact of a smoking ban – initially in Scotland and then in the rest of the UK.

The company continues to strive to widen the range and improve the quality of products offered to customers. For example, in the course of the next few months, we are introducing Italy's number-one coffee, Lavazza, and a range of new bottled beers, draught ales and lagers, as well as new products in most other categories. In addition, the company has introduced a number of award-winning cider and perry products over the last few months and has seen a significant increase in sales of other products, such as Pimm's. Food remains a significant part of our business, and we continue to experiment with regional and local produce, together with trialling enhanced menu availability, particularly in our non-smoking pubs.

As a result of our strong cash flow, our dedicated and experienced management team and the loyalty of our customers, we remain confident for the future.

Tim Martin
Chairman
2 September 2005

Profit and loss account

for the year ended 24 July 2005

	Notes	**Before exceptional items 2005 £000**	**Exceptional items (note 3) 2005 £000**	**After exceptional items 2005 £000**	Before exceptional items 2004 £000	After exceptional items 2004 £000
Turnover		**809,861**	**-**	**809,861**	787,126	787,126
Operating profit	2	**70,384**	**(4,911)**	**65,473**	77,628	77,628
Non operating exceptional items	3	**-**	**(2,469)**	**(2,469)**	–	(7,758)
Net interest payable	4	**(24,329)**	**-**	**(24,329)**	(23,554)	(23,554)
Profit on ordinary activities before taxation		**46,055**	**(7,380)**	**38,675**	54,074	46,316
Tax on profit on ordinary activities	5	**(15,647)**	**1,276**	**(14,371)**	(18,727)	(17,042)
Profit on ordinary activities after taxation		**30,408**	**(6,104)**	**24,304**	35,347	29,274
Dividends	6	**(7,552)**	**-**	**(7,552)**	(7,331)	(7,331)
Retained profit for the year		**22,856**	**(6,104)**	**16,752**	28,016	21,943
Earnings per ordinary share	7	**16.4p**	**(3.3p)**	**13.1p**	17.7p	14.6p
Diluted earnings per ordinary share	7	**16.4p**	**(3.3p)**	**13.1p**	17.6p	14.6p

All activities relate to continuing operations.

The company has no recognised gains and losses, other than the profit above; therefore, no separate statement of recognised gains and losses has been presented.

Note of historical cost profits

	2005 £000	2004 £000
Reported profit on ordinary activities before taxation	**38,675**	46,316
Difference between historical cost depreciation charge and actual depreciation charge for the year, calculated on the revalued amount	**666**	574
Realisation of property deficits of previous years	**(103)**	(1,252)
Historical cost profit on ordinary activities before taxation	**39,238**	45,638
Historical cost profit for the year retained after taxation and dividends	**17,315**	21,265

Cash flow statement

for the year ended 24 July 2005

	Notes	**Statutory 2005 £000**	**2005 £000**	Statutory 2004 £000	2004 £000
Net cash inflow from operating activities	8	**123,460**	**123,460**	128,874	128,874
Returns on investments and servicing of finance					
Interest received		**3,598**	**43**	20	20
Interest paid		**(24,108)**	**(24,108)**	(19,329)	(19,329)
Refinancing costs paid		**-**	**-**	(1,325)	
Net cash outflow from returns on investment and servicing of finance		**(20,510)**		(20,634)	
Taxation					
Corporation tax paid		**(12,632)**	**(12,632)**	(13,942)	(13,942)
Capital expenditure and financial investment					
Purchase of tangible fixed assets for existing pubs		**(14,173)**	**(14,173)**	(20,590)	(20,590)
Proceeds of sale of tangible fixed assets		**8,547**		7,891	
Purchase of own shares for Employee Share Incentive Plan		**(3,816)**	**(3,816)**	(1,556)	(1,556)
Investment in new pubs and pub extensions		**(24,495)**		(54,056)	
Net cash outflow from capital expenditure and financial investment		**(33,937)**		(68,311)	
Equity dividends paid		**(7,520)**		(7,322)	
Net cash inflow before financing		**48,861**		18,665	
Financing					
Issue of ordinary shares		**271**		1,219	
Purchase of own shares		**(45,718)**		(48,583)	
Repayment of bank loans		**(25,000)**		(25,000)	
Advances under bank loans		**29,999**		47,928	
Advances under US senior loan notes		**-**		271	
Net cash outflow from financing		**(40,448)**		(24,165)	
Increase/(decrease) in cash	9	**8,413**		(5,500)	
Free cash flow	7		**68,774**		73,477
Cash flow per ordinary share	7		**37.1p**		36.7p

Balance sheet

at 24 July 2005

	Notes	**2005 £000**	2004 £000
Fixed assets			
Tangible assets	11	**762,739**	783,574
Current assets			
Stocks		**12,777**	12,009
Assets held for resale		**1,691**	1,933
Debtors due after more than one year	12	**-**	9,005
Debtors due within one year	12	**12,195**	13,966
Cash		**18,073**	9,660
		44,736	46,573
Creditors due within one year	13	**(150,929)**	(152,437)
Net current liabilities		**(106,193)**	(105,864)
Total assets less current liabilities		**656,546**	677,710
Creditors due after more than one year	14	**(329,167)**	(322,512)
Provisions for liabilities and charges	15	**(67,495)**	(66,244)
Total net assets		**259,884**	288,954
Capital and reserves			
Called up share capital		**3,458**	3,783
Share premium account		**128,607**	128,340
Capital redemption reserve		**874**	545
Revaluation reserve		**22,554**	23,117
Profit and loss account		**104,391**	133,169
Equity shareholders' funds	16	**259,884**	288,954

Notes to the accounts
for the year ended 24 July 2005

Notes

1 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 periods ending 24 July 2005 and 25 July 2004 on which unqualified reports were made by the company's auditors.

The 2004 statutory accounts have been filed with the Registrar of Companies. The 2005 statutory accounts will be sent to shareholders in October 2005 and will be filed with the Registrar of Companies following their adoption at the forthcoming Annual General Meeting.

Certain comparative amounts have been reclassified where appropriate to conform to current presentation. There is no overall effect on profit or net assets.

2 Analysis of continuing operations

	Before exceptional items 2005 £000	**Exceptional items 2005 £000**	**After exceptional items 2005 £000**	2004 £000
Turnover	**809,861**	**-**	**809,861**	787,126
Cost of sales	**(705,734)**	**(4,052)**	**(709,786)**	(676,154)
Gross profit	**104,127**	**(4,052)**	**100,075**	110,972
Administrative expenses	**(33,743)**	**(859)**	**(34,602)**	(33,344)
Operating profit	**70,384**	**(4,911)**	**65,473**	77,628

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

3 Exceptional items

	2005 £000	2004 £000
Operating items:		
Distribution start-up costs	**2,984**	-
Restructuring costs	**859**	-
Impairment of fixed assets	**1,068**	-
	4,911	-
Non-operating items:		
Net loss on disposal and anticipated disposal of trading properties	**2,306**	6,159
Net loss on disposal and anticipated disposal of non-trading properties	**163**	1,599
	7,380	7,758

4 Net interest payable

	2005 £000	2004 £000
Interest payable on bank loans and overdraft	**18,837**	17,629
Interest payable on US senior loan notes	**5,724**	4,915
Refinancing costs	**-**	1,602
Less:		
Interest receivable	**(232)**	(592)
Charge to profit and loss account	**24,329**	23,554

5 Taxation

a) Analysis of current period tax charge

Current tax	**2005 £000**	**2005 £000**	2004 £000	2004 £000
UK corporation tax on profits before exceptional items	**14,270**		13,165	
Current tax on exceptional items	**(1,150)**		52	
Total current tax (note 5(b))		**13,120**		13,217
Deferred tax				
Origination and reversal of timing differences	**1,377**		5,562	
Movement arising from disposals (exceptional items)	**(126)**		(1,737)	
Total deferred tax		**1,251**		3,825
Total tax charge		**14,371**		17,042

b) Factors affecting current period tax charge

The current year tax charge for the year is less than the statutory rate of corporation tax in the UK of 30%. The reasons for this difference are explained below:

	2005 £000	**2005 %**	2004 £000	2004 %
Profit on ordinary activities before tax	**38,675**		46,316	
Current tax on profit on ordinary activities calculated at the standard rate of corporation tax in the UK of 30%	**11,603**	**30**	13,895	30
Accelerated capital allowances	**(504)**	**(1)**	(4,820)	(10)
Movement in other short-term timing differences	**(850)**	**(2)**	(467)	(1)
Capital loss on asset disposals	**695**	**2**	1,953	4
Other allowable deductions	**(68)**	**-**	(371)	(1)
Expenses not deductible for tax purposes	**2,244**	**6**	3,027	7
Current tax charge for period (note 5(a))	**13,120**	**35**	13,217	29

c) Factors which may affect future tax charges

Current levels of investment ensure that capital allowance claims exceed depreciation; while this will continue, the company would expect the excess of capital allowances over depreciation to diminish over time.

No provision has been made for deferred tax on gains recognised on revaluing properties to their market value. Such tax would become payable only if the properties were sold without it being possible to claim roll-over relief. The total amount unprovided for is approximately £6.9 million. At present, it is not envisaged that any tax will become payable in respect of such properties in the foreseeable future.

6 Dividends

	2005 £000	2004 £000
Interim paid of 1.46p per share (2004: 1.33p)	**2,681**	2,488
Final proposed of 2.82p per share (2004: 2.56p)	**4,871**	4,843
	7,552	7,331

7 Earnings and cash flow per share

The calculation of basic earnings per share is based on profits on ordinary activities after taxation and exceptional items of £24,304,000 (2004: £29,274,000) and on 185,524,467 (2004: 200,067,030) ordinary shares, being the weighted average number of ordinary shares in issue and ranking for dividend during the period, taking into account the buyback transactions during the year.

Earnings per share before exceptional items is calculated as follows:

	Earnings £000 2005	Earnings £000 2004	**Earnings per share (p) 2005**	Earnings per share (p) 2004
Earnings and basic earnings per share	**24,304**	29,274	**13.1**	**14.6**
Exceptional costs, net of tax	**6,104**	6,073	**3.3**	**3.1**
Earnings and earnings per share before exceptional items	**30,408**	35,347	**16.4**	**17.7**

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 diluted calculation is 185,760,654 (2004: 200,636,714).

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

8 Net cash inflow from operating activities

	2005	2004
	£000	£000
Operating profit (before exceptional items)	**70,384**	77,628
Depreciation of tangible fixed assets	**48,157**	43,948
Employee Share Incentive Plan charge	**985**	149
Exceptional costs	**(3,843)**	-
Change in stocks	**(768)**	(1,257)
Change in debtors	**(247)**	(2,106)
Change in creditors	**8,792**	10,512
Net cash inflow from operating activities	**123,460**	128,874

9 Reconciliation of net cash flow to movement in net debt

	2005	2004
	£000	£000
Increase/(decrease) in cash in the year	**8,413**	(5,500)
Cash inflow from increase in debt financing	**(4,999)**	(23,199)
Movement in net debt during the period	**3,414**	(28,699)
Opening net debt	**(337,559)**	(308,860)
Closing net debt	**(334,145)**	(337,559)

10 Analysis of net debt

	2004	Cash flow	Non-cash movement	**2005**
	£000	£000	£000	**£000**
Cash at bank and in hand	9,660	8,413	-	**18,073**
Debt due within one year	(25,000)	25,000	(25,000)	**(25,000)**
Debt due after one year	(322,219)	(29,999)	25,000	**(327,218)**
Net debt	(337,559)	3,414	-	**(334,145)**

11 Tangible fixed assets

	Freehold and long leasehold property £000	Short leasehold property £000	Equipment, fixtures and fittings £000	Expenditure on unopened properties £000	Total £000
Cost or valuation					
At 25 July 2004	415,334	331,126	225,475	17,993	989,928
Reclassification	8,182	1,103	-	(9,285)	-
Additions	10,929	3,010	16,669	3,349	33,957
Transfer between assets held for resale	(1,073)	(168)	(2,926)	-	(4,167)
Disposals	(1,066)	-	(589)	(472)	(2,127)
At 24 July 2005	**432,306**	**335,071**	**238,629**	**11,585**	**1,017,591**
Depreciation					
At 25 July 2004	26,140	47,986	132,228	–	206,354
Charge for the year	7,538	8,493	32,126	-	48,157
Transfer between assets held for resale	(73)	836	(1,445)	-	(682)
Impairment	-	1,068	-	413	1,481
Disposals	(78)	-	(380)	-	(458)
At 24 July 2005	**33,527**	**58,383**	**162,529**	**413**	**254,852**
Net book value					
At 24 July 2005	**398,779**	**276,688**	**76,100**	**11,172**	**762,739**
At 25 July 2005	389,194	283,140	93,247	17,993	783,574

12 Debtors

	2005 £000	2004 £000
Amounts falling due after more than one year:		
Other debtors	**-**	9,005
Amounts falling due within one year:		
Other debtors	**2,666**	4,801
Prepayments	**9,529**	9,165
	12,195	13,966

13 Creditors due within one year

	2005	2004
	£000	£000
Bank loans	**25,000**	25,000
Trade creditors	**54,025**	52,661
Corporation tax	**7,556**	7,067
Other tax and social security	**22,224**	21,888
Other creditors	**4,325**	3,989
Dividend payable	**4,875**	4,843
Accruals and deferred income	**32,924**	36,989
	150,929	152,437

14 Creditors due after more than one year

	2005	2004
	£000	£000
Bank loans repayable by instalments	**240,000**	235,001
US senior loan notes repayable in a single instalment in 2009	**87,218**	87,218
	327,218	322,219
Other creditors	**1,949**	293
	329,167	322,512

15 Provisions for liabilities and charges

	2005	2004
	£000	£000
Deferred tax		
Accelerated capital allowances	**59,057**	57,509
Other timing differences	**8,438**	8,735
Full provision for deferred tax	**67,495**	66,244
Provision at start of year	**66,244**	62,419
Deferred tax charge in profit and loss account for year	**1,251**	3,825
Provision at end of year	**67,495**	66,244

16 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	**Shareholders' funds £000**
At start of year	3,783	128,340	545	23,117	133,169	**288,954**
Allotments	4	267	-	-	-	**271**
Transfer	-	-	-	(563)	563	**-**
Share Incentive Plan	-	-	-	-	(2,832)	**(2,832)**
Purchase of shares	(329)	-	329	-	(43,261)	**(43,261)**
Profit for the year	-	-	-	-	24,304	**24,304**
Dividends	-	-	-	-	(7,552)	**(7,552)**
At end of year	**3,458**	**128,607**	**874**	**22,554**	**104,391**	**259,884**