J D WETHERSPOON PLC

INTERIM REPORT 2002

Turnover up 26% to £285.2m

Profit before tax up 22% to £24.9m

Earnings per share up 20% to 7.7p

Free cash flow per share up 19% to 17.5p

Interim dividend per share up 10% to 1.10p

35 pubs opened, total now 556

CHAIRMAN'S STATEMENT

I am pleased to report further good progress during the half year to 27 January 2002. Sales increased by 26% to £285.2 million. Operating profit increased by 23% to £33.4 million and profit before tax by 22% to £24.9 million. Earnings per share rose by 20% to 7.7p.

Capital investment was £67.9 million and net gearing at the period end was 93% (2001: 79%). Interest was covered 3.9 times (2001: 4.1 times) by operating profits. Operating margins before depreciation, interest and tax were 17.9% compared to 18.1%.

Free cash flow, after capital investment of £7.1 million in existing pubs and payments of tax and interest, increased by 20% to £37.1 million resulting in cash flow per share of 17.5p before investment in new pubs and dividend payments.

Economic profit, calculated by adding depreciation to profit after tax (excluding deferred tax) and subtracting capital investment in existing pubs, increased by 31% to £31.3 million.

Dividend

The Board has declared an interim dividend of 1.10p per ordinary share, a 10% increase on last year. A scrip alternative will again be offered to shareholders.

Further Progress

We opened 35 pubs during the period bringing the total number to 556. The new pubs opened at a higher level of sales, reflecting the benefit of larger sites and less competition in the property market. We are particularly encouraged by the sales performance in smaller and medium sized towns which increases our confidence in the number of potential sites in the UK.

We are particularly encouraged by the sales performance in smaller and medium sized towns which increases our confidence in the number of potential sites in the UK.

Our existing pubs performed well with like-for-like sales increasing by 5.5% and like-for-like profit rising by 4.0%, following strong growth in the comparable period last year.

During the period, the company made progress in a number of areas. Like-for-like food sales, for example, increased by 10% and gross margins by 2%, as a result of the strenuous efforts made to improve the speed and quality of service in this area. Traditional ale sales continued to be extremely strong and the independent 'Cask Marque' organisation reported that our average ale sales per pub are more than double our nearest competitors.

Our bonus system, based partly on profits and partly on standards vetted by mystery visitors, the Egon Ronay organisation and our own environmental health consultants, resulted in record bonuses of £7.2 million in the period compared to £4.9 million in the previous period. We believe that rewarding staff achieving high standards is an important factor in the long term success of the company.

continued

Lloyds pubs continued to perform well with sales in the original 10 pubs acquired in 2000, showing a like for like increase of 65%. We now have 20 Lloyds pubs and believe there is substantial scope for further development.

Our focus on the quality of the facilities in our pubs can be illustrated by independent recognition of the cleanliness and design of our toilets. Following the award from the British Toilet Association last year, we were awarded the 2001 Cannon Hygiene Loo Of The Year award. In the same competition, we also won the individual awards for the best toilets in England, Scotland and Wales which was the first time in the history of the competition that one company had won all the individual awards. In addition, a total of 12 separate Wetherspoon outlets were presented with five and four star awards for their quality and innovation.

People
I would like to thank again all my colleagues at Wetherspoon for their excellent efforts in the last six months.

Tax and Red Tape
Various organisations, including the British Chambers of Commerce and the CBI have commented on levels of business taxation and hugely increasing amounts of red tape.

Like many companies, Wetherspoon pays high amounts of direct and indirect taxes. In the six month period, we paid £108.8 million in respect of value added tax, excise duty, business rates, corporation tax and national insurance. In addition, employees paid £13.0 million of income tax and national insurance. In total, these taxes amount to over 7 times our net profit, and 43% of our turnover. It makes sense, in these circumstances, for the Government to reduce this burden to encourage growing companies like Wetherspoon. Yet excise duties on beer, wine and spirits remain far higher than our continental neighbours, causing customers to shop abroad. I believe this tax disadvantage in a major industry is bad for the long term prospects of the economy.

The Government's attitude to red tape is illustrated in our industry by its chaotic approach to liquor licensing reform, whereby it is proposed that local authorities take over responsibilities from magistrates courts in this area. Local authorities now control planning permission and late night licensing. Both these procedures are much slower and much more expensive than areas controlled by magistrates courts, and the decisions are subject to far higher levels of public criticism. In any event, it has been decided that appeals from the decisions of local authorities will be heard in magistrates courts, leaving magistrates finally in charge but only after a lengthy and expensive legal process.

Through their 'Good Practice Guide', magistrates have been reforming their own practices to make them less bureaucratic with considerable success. Legal fees in this area have been reduced substantially over the years as a result. Our own market research, supported by various other surveys, indicates that 80% of pub licensees favour the retention of magistrates in pub licensing, combined with liberalisation of pub hours.

Prospects
Like for like sales in February 2002 increased by 6.2%, and we opened 6 new pubs. There are 39 sites in the course of construction, 45 with the necessary permissions for development, a further 50 on which terms have been agreed and 227 currently in negotiations.

As a result of the strong performance in the six month period, and the hard work and extreme dedication of our team, I remain confident of our future prospects.

Tim Martin
Chairman

1 March 2002

PROFIT AND LOSS ACCOUNT for the six months ended 27 January 2002

	Notes	Unaudited half year 2002 £000	Unaudited half year 2001 £000 (Restated)	Audited full year 2001 £000
Turnover		**285,178**	226,694	483,968
Operating profit	2	**33,431**	27,090	58,380
Net interest payable		**(8,546)**	(6,622)	(14,063)
Profit on ordinary activities before taxation		**24,885**	20,468	44,317
Tax on profit on ordinary activities	3	**(8,466)**	(7,075)	(14,457)
Profit on ordinary activities after taxation		**16,419**	13,393	29,860
Dividends	10	**(2,353)**	(2,108)	(6,185)
Retained profit for the period		**14,066**	11,285	23,675
Earnings per ordinary share	4	**7.7p**	6.4p	14.2p
Fully diluted earnings per ordinary share	4	**7.6p**	6.3p	14.0p
Dividend per share	10	**1.10p**	1.00p	2.93p

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.

Refer to note 1 in respect of the restatement of the comparative figures.

CASH FLOW STATEMENT for the six months ended 27 January 2002

	Notes	Unaudited half year 2002 £000	Unaudited half year 2002 £000	Unaudited half year 2001 £000	Unaudited half year 2001 £000	Audited full year 2001 £000	Audited full year 2001 £000
Net cash inflow from operating activities	5	**54,355**	**54,355**	47,069	47,069	93,005	93,005
Returns on investments and servicing of finance							
Interest received		**42**	**42**	849	849	976	976
Interest paid – existing pubs		**(8,590)**	**(8,590)**	(7,403)	(7,403)	(15,436)	(15,436)
Interest paid and capitalised into new pubs		**(948)**		(1,545)		(3,004)	
Purchase of current asset investments		**-**		(241)		(241)	
Net cash outflow from returns on investment and servicing of finance		**(9,496)**		(8,340)		(17,705)	
Taxation							
Corporation tax paid		**(1,555)**	**(1,555)**	(205)	(205)	(1,556)	(1,556)
Capital expenditure							
Purchase of tangible fixed assets for existing pubs		**(7,121)**	**(7,121)**	(9,335)	(9,335)	(15,792)	(15,792)
Investment in new pubs and pub extensions		**(69,084)**		(63,336)		(127,574)	
Net cash outflow from capital expenditure		**(76,205)**		(72,701)		(143,366)	
Equity dividends paid		**(2,810)**		(2,990)		(4,529)	
Net cash outflow before financing		**(35,711)**		(37,167)		(74,151)	
Financing							
Issue of ordinary shares		**5,435**		1,148		2,057	
Advances under bank loans		**29,935**		2,591		40,156	
Advances under US senior notes		**22**		-		44	
Net cash inflow from financing		**35,392**		3,739		42,257	
Decrease in cash	6	**(319)**		(33,428)		(31,894)	
Free cash flow	4		**37,131**		30,975		61,197
Free cash flow per ordinary share	4		**17.5p**		14.7p		29.1p

SUMMARISED BALANCE SHEET as at 27 January 2002

	Notes	Unaudited half year 2002 £000	Unaudited half year 2001 £000 (Restated)	Audited full year 2001 £000
Fixed assets				
Tangible assets	8	**676,261**	565,036	625,903
Current assets				
Investments		**550**	241	241
Stocks		**7,161**	6,001	7,503
Debtors due within one year		**7,966**	6,903	6,764
Debtors due after more than one year		**7,323**	6,612	6,986
Cash		**9,472**	8,257	9,791
		32,472	28,014	31,285
Creditors due within one year		**(92,347)**	(75,349)	(81,965)
Net current liabilities		**(59,875)**	(47,335)	(50,680)
Total assets less current liabilities		**616,386**	517,701	575,223
Creditors due after one year		**(270,455)**	(216,197)	(253,581)
Provisions for liabilities and charges		**(52,282)**	(41,535)	(47,803)
Total net assets		**293,649**	259,969	273,839
Capital and reserves				
Called up share capital		**4,276**	4,214	4,224
Share premium account		**122,531**	114,919	116,389
Revaluation reserve		**23,734**	24,158	23,824
Profit and loss account		**143,108**	116,678	129,402
Equity shareholders' funds	9	**293,649**	259,969	273,839

Refer to note 1 in respect of the restatement of the comparative figures.

NOTES

1 Basis of preparation
The interim report for the six months ended 27 January 2002 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 29 July 2001. The results for the year ended 29 July 2001 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 28 January 2001 are an extract from the unaudited interim report for that period restated as follows. The company adopted FRS19, deferred taxation, in the accounts for the year ended 29 July 2001. The results for the six months ended 28 January 2001 have been restated to reflect the impact of adopting FRS19, resulting in an increase in the tax charge for that period of £5,847,000 and an increase in the provision for deferred taxation of £41,535,000.

2 Operating profit

	Unaudited half year 2002 £000	Unaudited half year 2001 £000	Audited full year 2001 £000
Turnover	**285,178**	226,694	483,968
Cost of sales	**(238,036)**	(188,515)	(401,800)
Gross profit	**47,142**	38,179	82,168
Administrative expenses	**(13,711)**	(11,089)	(23,788)
Operating profit	**33,431**	27,090	58,380

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

3 Taxation
The taxation charge for the six months ending 27 January 2002 is calculated by applying an estimate of the effective tax rate for the year ended 28 July 2002. The UK standard rate of corporation tax is 30% (2001: 30%), whereas the latest estimate of the current tax payable on profits for the financial year ended 28 July 2002 is 16% (2001: 5%).

	Unaudited half year 2002 £000	Unaudited half year 2001 £000 (Restated)	Audited full year 2001 £000
Current tax	**3,987**	1,228	2,342
Deferred tax	**4,479**	5,847	12,115
Tax on profit on ordinary activities	**8,466**	7,075	14,457

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 £16,419,000 (2001 as restated: £13,393,000) and on 212,189,707 (2001: 210,172,175) 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 214,703,771 (2001: 213,055,507)

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, after funding interest on existing pubs, tax and all other reinvestment in pubs open at the start of the period. It is calculated before taking into account 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.

5 Net cash inflow from operating activities

	Unaudited half year 2002 £000	Unaudited half year 2001 £000	Audited full year 2001 £000
Operating profit	**33,431**	27,090	58,380
Depreciation of tangible fixed assets	**17,504**	13,883	29,674
Change in stocks	**342**	(1,315)	(2,817)
Change in debtors	**(511)**	(533)	(409)
Change in creditors	**3,589**	7,944	8,177
	54,355	47,069	93,005

6 Reconciliation of net cash flow to movement in net debt

	Unaudited half year 2002 £000	Unaudited half year 2001 £000	Audited full year 2001 £000
Decrease in cash in the period	**(319)**	(33,428)	(31,894)
Cash inflow from increase in debt financing	**(29,957)**	(2,591)	(40,200)
Movement in net debt during the period	**(30,276)**	(36,019)	(72,094)
Opening net debt	**(241,577)**	(169,483)	(169,483)
Closing net debt	**(271,853)**	(205,502)	(241,577)

7 Analysis of net debt

	Audited full year 2001 £000	Cash flow £000	Unaudited half year 2002 £000
Cash at bank and in hand	9,791	(319)	**9,472**
Debt due within one year	–	(12,500)	**(12,500)**
Debt due after one year	(251,368)	(17,457)	**(268,825)**
Net debt	(241,577)	(30,276)	**(271,853)**

8 Tangible fixed assets

	Unaudited half year 2002 £000	Unaudited half year 2001 £000	Audited full year 2001 £000
Opening net book value	**625,903**	504,996	504,996
Additions	**67,862**	73,923	150,581
Depreciation	**(17,504)**	(13,883)	(29,674)
Closing net book value	**676,261**	565,036	625,903

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 2002 shareholders' funds £000	Audited full year 2001 shareholders' funds £000 (Restated)
At start of period	4,224	116,389	23,824	129,402	**273,839**	246,830
Allotments	48	5,387			**5,435**	3,334
Transfer			(90)	90	**-**	-
Profit for the period				16,419	**16,419**	29,860
Dividends				(2,353)	**(2,353)**	(6,185)
Shares allotted and contributed to QUEST	4	755		(450)	**309**	-
At end of period	**4,276**	**122,531**	**23,734**	**143,108**	**293,649**	**273,839**

The company has allotted shares to a QUEST established by the company in 1999 to acquire new shares in the company for the benefit of employees and directors of the company. 194,583 shares were allotted to the QUEST on 25 January 2002 in respect of options held by employees and directors under the company's Save As You Earn option scheme exercisable between 1 February 2002 and 1 August 2002. The difference between market value at allotment and exercise price has been transferred directly to the profit and loss account. The excess of the market value of the shares on allotment and the nominal value, which amounts to £754,983 has been taken to the share premium account.

The shares held in the QUEST at 27 January 2002 have been included as current asset investments at a value of £309,387 which is equivalent to the amount receivable from employees and directors on exercise of their options.

10 Dividend

On 17 May 2002 the company will pay an interim dividend of 1.10 pence per share, for the half year ended 27 January 2002 to shareholders on the register at the close of business on 15 March 2002.

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 19 April 2002.

INDEPENDENT REVIEW REPORT TO J D WETHERSPOON PLC

Introduction
We have been instructed by the company to review the financial information which comprises a profit and loss account, summarised balance sheet information, cash flow statement 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.

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 27 January 2002.

PricewaterhouseCoopers
Chartered Accountants
London

1 March 2002

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

Telephone 01923 477777
www.jdwetherspoon.co.uk