WHITBREAD

Final Results

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Whitbread PLC
28 April 2009

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Whitbread PLC preliminary results for the financial year to 26 February 2009

Financial Highlights

- Total revenue from continuing operations[1] up 9.7% to £1,334.6 million (2007/08: £1,216.7 million)
- Group like for like sales up 4.9%
- Profit before tax and exceptional items up 9.3% to £229.9 million (2007/08: £210.3 million)
- Underlying profit before tax of £228.2 million up 12.0% (2007/08: £203.8 million)
- Pre-exceptional diluted EPS for continuing operations up 18.0% to 93.0p
- Net debt at £623.1 million; current facilities of £1.16 billion in place until December 2010 when it reduces to £930 million until December 2011
- Final dividend of 26.9p (2007/08: 26.9p); full year dividend up 1.5% to 36.55p (2007/08: 36.0p)

Statutory

- Profit after tax and exceptional items for the year £90.3 million (2007/08: £557.1 million which included operating profit and profit on disposal of discontinued businesses of £461.5 million)
- Total basic EPS 52.8p (2007/08: 294.7p which included operating profit and profit on disposal of discontinued businesses of £461.5 million)

Achievements

- Re-branded Premier Inn delivered 6.0% like for like sales growth
- Premier Inn grew like for like revpar at an industry leading 2.8%
- Added 55 new hotels and 4,553 new rooms to the Premier Inn estate
- 8% more restaurant customers - 13 new branded restaurants opened
- Costa delivered continued positive like for like sales growth, including in the second half
- Opened net 296 new Costa stores, of which net 110 were in overseas markets, total sales up 22.0%
- Group operating margins maintained at 19.1%
- £25 million pa cost efficiency programme on track with £7 million delivered in 2008/09

Anthony Habgood, Chairman of Whitbread PLC said:

"2008/09 was a year of good progress and, against a backdrop of increasingly difficult economic conditions, we delivered an industry leading performance. Revenues at our hotels and restaurants business were up 9.0% and at Costa were up 22.0%. We are focused on managing Whitbread prudently and tightly in the face of the challenges ahead."

Alan Parker, Chief Executive of Whitbread PLC, said:

"Whitbread achieved good sales and profit growth in the year. We have strengthened our market leading brands by adding a record number of Premier Inns and Costa stores, whilst significantly improving our restaurant performance.

"Decisive action has been taken to improve our operating efficiency with margins maintained. Our relentless customer focus and drive to offer both value for money and quality, together with our robust financial position, mean that Whitbread is well placed for these tougher times."

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[1] continuing operations
Continuing operations comprises Whitbread hotels and restaurants and Costa plus the supply chain sales to third parties but excludes any discontinued businesses (David Lloyd Leisure disposed of during 2007/08).

For photographs and videos, please visit the corporate media library: www.whitbreadimages.co.uk

A presentation for analysts will be held at The London Stock Exchange, 10 Paternoster Square, London, EC4M 7LS. The presentation is at 9.30am and a live audio webcast of the presentation will be available on the investors' section of the website at: www.whitbread.co.uk.

Alternatively, you can listen to the presentation by dialling: +44 (0)20 7162 0125, enter the passcode: 831923 and quote The Whitbread Preliminary Results Presentation.

This will be available as a replay for 30 days and will be available from approximately 12:00 noon on 28 April. Dial: +44 (0)20 7031 4064 and enter the passcode: 831923

CHIEF EXECUTIVE'S REVIEW

Over the past five years we have transformed Whitbread into a focused hotel and restaurant business. Through continued investment, we have developed and built a modern, well-maintained estate, with leading brands in value-for-money sectors. 2008/09 was a year of strong progress for the Group, with out-performance across our markets, albeit against an increasingly challenging economic backdrop.

Group revenue grew year on year by 9.7% to £1,334.6 million, driven by the growth in the number of hotels, restaurants and coffee shops and an increase in like for like sales, of 4.9%. At Premier Inn, sales rose 14.0%, with like for like sales up 6.0%, sales at our restaurants rose 3.2%, with like for like sales up 4.6%, and Costa sales increased by 22.0%, with like for like sales up 2.0%.

Group like for like sales were strong in the first half followed by a softening as we entered the more difficult market in the autumn. In the last quarter overall Group like for like sales were negative, predominantly as a result of lower occupancy in Premier Inn.

Group profit before tax and exceptional items on a continuing operations basis increased by 9.3% to £229.9 million (2007/08: £210.3 million), with earnings per share (diluted) increasing by 18.0% to 93.0p.

At the year end, net debt stood at £623.1 million compared to £425.8 million at this time last year. This increase reflected continued capital investment in the business together with the previously announced £50 million payment into the pension fund. The Group's total facilities currently stand at £1.16 billion in place until December 2010 when it reduces to £930m until December 2011.

At the start of the 2008/09 financial year, we undertook an operational review to create a more streamlined and efficient organisation. We combined the management of our hotels and restaurants, transferred our food logistics to Kuehne & Nagel and outsourced some back office support functions. This efficiency programme is on track to deliver cost savings of £25 million by the end of 2010/11. We have already achieved £7 million of savings in 2008/09, a further c£13m is to be delivered in 2009/10, with the balance in 2010/11. The action we have taken has enabled the Group to maintain operating margins.

The Board recommends a final dividend payment of 26.9p per share, making a total dividend for the year of 36.55p per share. The final dividend will be paid on 10 July 2009 to shareholders on the register at the close of business on 8 May 2009.

Investing in the growth and quality of our estate

For the fifth year running we opened more hotel rooms in the UK than any other operator. We exceeded our stated targets and, including our new hotel in Dubai, delivered a total of 4,553 new rooms in Premier Inn. More than one new hotel was opened on average every week (55 hotels) and the total portfolio at the year end stood at 573 hotels comprising a total of 40,559 rooms.

We invested in increasing our branded restaurant portfolio, opening 13 new restaurants. This included six new Table Table Restaurants. We also opened six further outlets of our newest innovation in freshly prepared food, Taybarns.

We continue to invest in the estate, ensuring our hotels and restaurants are maintained to a consistently high standard. In the year we upgraded over 7,000 Premier Inn rooms and refurbished a total of 48 restaurants, 42 of which were Brewers Fayres.

Costa continued to grow rapidly. A net total of 186 stores were opened in the UK, bringing its total UK stores to 881. In its international markets, Costa grew by a net 110 stores. These included 23 new joint venture stores and 87 new international franchise stores, bringing the total number of overseas stores to 407 in 24 countries.

Well positioned for tougher times

This is the first full year that Whitbread has operated as a focused hotel and restaurant business, with leading brands in each of our markets. This position, together with the scale and quality of our estate, our ongoing judicious investment in the business and commitment to providing value for money, means that Whitbread is well positioned for the challenging year ahead.

Premier Inn is the clear leader in the budget hotel sector. The cornerstones of its competitive advantage are a combination of product quality and value for money, both of which drive higher customer satisfaction and loyalty. Our continued focus on driving each of these, will underpin our continued success.

We are transforming the perception of the budget hotel sector, providing quality customer service at great value prices. Since our hotel estate was re-branded to Premier Inn we have created a distinct, leading budget brand and increased brand awareness through focused marketing towards families, leisure customers and business travellers. We have increased revpar and value for money scores have increased to 81%. Guest recommend scores have also increased to 87%.

Premier Inn is now the UK's favourite budget hotel brand for business travellers and we plan to improve on this leading position with a strong focus on sales, winning business from 3 and 4 star operators and by offering further new benefits to Business Account holders, such as our £20 food and beverage package.

Value for money is at the heart of our joint site model, where guests can experience both great value hotel stays and meals at affordable prices. This model continues to drive superior returns. Each of our restaurant brands has distinctive value for money propositions, such as the two main meals for £9 at Brewers Fayre. We continue to drive sales through these everyday attractive prices and introduce new menus across Beefeater, Table Table and Brewers Fayre. Meanwhile, at Taybarns it costs from as little as £5.95 for a three course meal and we will continue to learn from the initial roll-out of seven sites in order to plan the next phase at the appropriate time.

At Costa, our unique proposition is the quality of our hand made coffee served in a welcoming environment. Indeed, we have demonstrated, with independent market research, that 7 out of 10 coffee lovers prefer Costa Coffee's cappuccino. We will continue to amplify this message with an aggressive marketing campaign during the year. At the same time we will further improve the food offers at our Costa outlets, for example adding lunchtime meal offers, such as the popular panini plus cappuccino for £4.95.

We remain committed to opportunities and growth in the longer term, although we will reduce the pace of our organic expansion in 2009. We now plan for capital expenditure in 2009/10 to be c£170 million.

Our target for Premier Inn during 2009/10 is to deliver around 2,000 new rooms in the UK and overseas. We have a strong pipeline of secured sites and will continue to develop a land bank. Internationally, our first hotel opened in Dubai during 2008 and we will build on this position, intending to open a further two hotels in the Emirates plus one in India.

We plan to open around 100 new Costa outlets in the UK in 2009/10. We will capitalise on our strong Costa brand by focusing on new locations, as well as areas where we can replace existing operators, such as in supermarkets, hospitals and leisure facilities. Costa will also continue to strengthen its position across international markets, adding 100 net new stores in the year ahead.

At Whitbread we consider recruiting and training the best hospitality people to be a key priority. In these challenging times, the opening of new outlets will create over 1,000 new jobs during 2009/10. Both new and existing team members at Whitbread are now able to participate in our innovative apprenticeship programme, the

first and largest employer-led programme of its kind in the hospitality industry. By halving the time that it takes to achieve qualifications and combining NVQ study with Whitbread's induction programme, we anticipate that 20% of our workforce will have a nationally recognised qualification by 2010.

Current trading and Outlook

Premier Inn has been impacted by the increasingly harsh economic environment but continues to outperform the market. Against tough comparatives, its performance since the start of the financial year has softened further whilst remaining within the range of market expectations. Both Costa and Restaurants have traded positively in line with the second half of the last financial year.

We have invested in maintaining a high quality estate. We have built leading brands providing the quality and value for money that today's customers are looking for. Early action has been taken to increase efficiencies and reduce costs, and we will continue to do so. Our balance sheet remains robust and is underpinned both by a strong freehold asset base and our aim to run our current operations at cash flow neutrality. This will put us in a good position to take advantage of any attractive opportunities that may arise from the tougher operating environment and lower asset prices.

We believe that Whitbread is well placed to maintain and build upon our strong competitive position in the year ahead.

Hotels and Restaurants

Hotels and Restaurants	**2008/09 £m**	**2007/08 £m**	**% Change**
Premier Inn revenues	601.5	527.8	14.0
Restaurants revenues	460.1	446.1	3.2
Total Revenues	1,061.6	973.9	9.0
Premier Inn like for like sales			6.0
Restaurants like for like sales*			4.6
Operating profit (pre exceptional)	254.9	233.5	9.2
Segmental operating profit (post exceptional)	240.2	223.5	7.5

* 2.8% excluding closure periods

Hotels and Restaurants performed well in an increasingly challenging consumer environment. Total revenues increased by 9.0% to £1,061.6 million with pre exceptional operating profit up 9.2% year on year to £254.9 million. Like for like sales were up 5.4%. Cost efficiencies continued to be a top priority.

Premier Inn continued to outperform the hotel market as we expanded our network of sites, building on our leading position. Total sales at Premier Inn increased by 14.0% to £601.5 million (2007/08: £527.8 million). Revenue per available room (revpar) performance grew by 2.8% on a like for like basis. Like for like sales were up 6.0%. In addition to revpar growth, extensions contributed 3.2% with the balance from food and beverage.

Looking back at our like for like sales trends there was a strong first half performance followed by a softening as we entered the more challenging periods in the autumn. Like for like sales entered predominantly negative territory from December.

Premier Inn's value proposition continues to attract corporate customers, and it is now the leading choice brand among business travellers. Sales via the Premier Inn Business Account grew by 24% to £171 million. Business guests can save around £40 per night compared to 3 and 4 star hotels.

Last year Premier Inn opened 4,553 rooms, 1,245 of which were delivered through the acquisition of 21 prime location hotels from Mitchells & Butlers plc in exchange for 44 Whitbread restaurants.

In the year, we added 13 new hotels on joint sites where we own and operate both a hotel and a restaurant. Our joint sites generate higher returns and contribute nearly two thirds of Whitbread Hotels and Restaurants' unit operating profit.

Premier Inn is working towards a greener future. In December 2008 we opened a flagship hotel, located in Tamworth, to trial the best environmental initiatives. These initiatives include new technologies such as heating from natural energy, recycled water, 'smart' low energy lighting and heat recovery ventilation. We have also increased the use of sustainable timber and locally sourced materials.

Our branded restaurants have delivered good progress in the year, as we continue to attract customers looking for fresh and well-prepared food at great prices. Revenues have increased by 3.2% to £460.1 million (2007/08: £446.1

million). Our restaurants achieved a like for like covers increase of 7.9% and a like for like sales increase of 4.6% assisted by new menus and improved environments. Average like for like spend per head on food is £7.46.

In an early response to food price inflation, we took steps to re-engineer menus with more emphasis on the value proposition and a focus on lower cost dishes. As a result, we have been able to introduce every day great value offers such as Brewers Fayre's two main meals deal for £9.

We now have a total of 372 restaurants with 328 on joint sites. This comprises 130 Beefeaters, 130 Brewers Fayres, 105 Table Tables and 7 Taybarns. We have reduced the remaining portfolio of stand-alone restaurants in the year to 44.

At the beginning of the financial year we committed to maintaining the quality of our estate by undertaking a refurbishment programme across 42 Brewers Fayres. We will continue this in 2009/10 with a refurbishment of a further c80 restaurants at a cost of around £10 million. Our approach to capital investment in this area has been very disciplined and will continue to be so.

Costa

Costa	**2008/09 £m**	**2007/08 £m**	**% Change**
Revenues	263.8	216.3	22.0
Like for like sales			2.0
Operating profit (pre exceptional)	22.7	20.8	9.1
Segmental operating profit (post exceptional)	23.8	19.2	24.0

Costa delivered an encouraging performance in a difficult market. Total revenues were up by 22.0% at £263.8 million and total profit up 9.1% at £22.7 million (2007/08: £20.8 million), as customers continued to respond well to our focus on delivering excellent coffee, served by trained baristas in a warm and welcoming environment. Costa saw strong sales growth across all its business streams, with sales in UK equity stores up by 21.0%, UK wholesale and franchise sales up 14.9% and international sales up 65.9%.

In the last year, transaction volumes in the like for like estate increased by 0.8%, whilst food capture remained high at 42.5%.

Our focus for Costa in 2008/09 was to continue growing in all markets. In the year 296 net new stores were opened, bringing the total of UK and International stores to 1,288.

Many of our new UK stores replaced existing unbranded or lower quality suppliers, or brought Costa to new markets. For example, Costa now has the largest coffee shop presence in motorway service areas. The strength of our brand is further demonstrated by our ability to create partnerships with other major retailers such as Tesco, where Costa now has 72 stores. Stores were also opened on major high streets, in flagship shopping centres and in provincial towns. In addition, in March 2009 we signed an agreement with Hilton Hotel Corporation (HHC) to supply coffee to 60 of its hotels in the UK.

As with all our estate, we continually refresh and refurbish existing stores, and open new units with a distinctive, refreshed look. There are two key drivers for this; to modernise the look and feel of the brand and to create even more comfortable, relaxing environments for Costa customers - making their coffee shop experience even better. Two thirds of our UK stores have either undergone this refurbishment or have been opened in the new brand style.

Costa still has significant opportunity to expand, although we will be doing so at a more measured pace. We will open around 100 stores in the UK, focusing on towns, cities and 'trade zones' where we are not present or are under-represented.

Costa is now the second-largest international coffee shop brand with 407 stores in 24 countries. 110 new stores (net) were added in the year: 23 new joint venture outlets and 87 new franchise stores. We anticipate that around 100 stores will be opened in international markets in 2009/10.

FINANCE REVIEW

Group Structure

In February 2008 Whitbread announced that the divisional management of the Hotels and Restaurants businesses would be combined. At the heart of this restructuring was a desire to eliminate duplication, save costs and better align the management teams to the businesses, particularly, as many hotel and restaurants operated as joint sites.

As a result Whitbread now only reports two trading segments: Hotels and Restaurants and Costa. The comparatives have been changed to reflect this structure.

Revenue

Group revenue from continuing operations in the year increased by 9.7% year on year to £1,334.6 million.

Revenue by business segment

£m	2008/09	2007/08	% Change
Hotels and Restaurants	1,061.6	973.9	9.0%
Costa	263.8	216.3	22.0%
Less: inter-segment	(3.6)	(2.4)	
Other	12.8	28.9	(55.7)%
Revenue from continuing operations	1,334.6	1,216.7	9.7%

Like for like sales grew by 4.9%, with the remainder of the turnover growth coming from a net increase in outlets, predominantly in Premier Inn and Costa.

Results

Pre-exceptional profit from continuing operations for the year is £229.9 million, up 9.3% on last year.

Total profit for the year is £90.3 million. This compares to £557.1 million last year which included the results of David Lloyd Leisure and other businesses for the period of our ownership up to 2 August 2008 of £20.7 million, and the profit on its disposal as well as other businesses of £440.8 million.

Underlying Profits

This year we have introduced an underlying profit measure on the face of the consolidated income statement. This is a measure which excludes exceptional items, the impact of the volatile finance costs of IAS 19, the finance cost of ineffective elements of cash flow hedges and the impact of straight line recognition of future minimum rental uplifts.

The Directors believe that this measure provides additional useful information for shareholders on the underlying trends and performance of the Group and we intend to focus on underlying profit as a measure in future periods.

Underlying profits for the year are £228.2 million compared to £203.8m last year, and underlying diluted earnings per share 92.2p compared to 76.4p last year.

Restatement

As reported at the half year, the abolition of Industrial Buildings Allowances for hotel buildings enacted in July 2008, IAS 12 (Income Taxes) has been re-interpreted and as a result the deferred tax provisions for hotel buildings have been re-appraised to use a methodology better representing the manner of recovery of the assets. This gives rise to a restatement of the deferred tax liability as at 28 February 2008, reducing it by £79.3 million; increasing retained earnings by £55.3 million and reducing goodwill by £24.0 million. The effect of this restatement on the 2007/08 income statement has been to increase net profit from continuing operations by £12.3 million. Of this £12.3 million, £6.1 million relates to pre-exceptional profit.

Exceptional items

Net exceptional loss amounted to £70.0 million for the year. This amount is analysed in more detail in note 6. The significant items included within this category are noted below.

1. Organisational review

In line with the announcement last year a number of reorganisation projects have taken place during the year.

The divisional management of the Hotels and Restaurants businesses have been combined.

The in house logistics operation was outsourced to Kuehne + Nagel who set up a new facility and we commenced migration of the activity from May 2008. From October 2008 the entire network was migrated to Kuehne + Nagel who in February 2009 commenced taking on additional supply chain activities, which were previously outsourced to other third party distributors.

In February 2009 we completed the outsourcing of our transactional accounting team to Steria.

Further work on the simplification of the systems supporting our businesses will take another 12 months to complete and by the end of 2010/11 we will reach the targeted savings of £25 million announced last year. Of this

£25 million, £7 million was secured in 2008/9 and c£13 million will be achieved in 2009/10 with the balance in 2010/11.

In the year £13.3 million has been charged in relation to reorganisation costs, and a further c£10 million will be charged in 2009/10.

2. Premier Inn rebranding

As previously announced we have rebranded our hotels business from Premier Travel Inn to Premier Inn at a total cost of £12.7 million (previously estimated at £13.0 million), £7.0 million of which was spent in the second half of last year.

3. Impairment

The Group has recognised a net impairment charge of £16.7 million following an assessment of the recoverable amount of each of its property assets. The assessment was calculated on the higher of the fair value of the assets less disposal costs or their value in use based on a review of the discounted cash flows generated by the business undertaken at each property.

4. Exchange transaction

On 19 September 2008 the Group acquired 21 hotels, which traded under the Express by Holiday Inn brand from Mitchells & Butlers plc in exchange for 44 Whitbread branded restaurants. The disposal of the branded restaurants at a fair value of £78 million generated a profit on disposal of £6.4 million.

5. Tax

The deferred tax charge of £44.1 million arises as a result of the enactment by the UK Government in July 2008 of the abolition of Industrial Buildings Allowances for hotel buildings.

Interest

Pre-exceptional net interest costs of £25.1 million were 28.1% more than last year. The weighted average net debt in the year was £531.0 million compared to £448.9 million last year.

Included in interest costs was a pension credit of £5.5 million (2007/08 £7.0 million). This represents the difference between the expected return on scheme assets and the interest cost of the scheme liabilities. In 2009/10 this is expected to be a pension cost of £15.5 million.

Tax

The tax expense of £108.3 million represents an effective tax rate of 30.2% on the continuing businesses before exceptional items, which compares with 29.0% last year. The charge includes deferred tax and the year on year movement in the rate has been predominantly driven by the deferred tax associated with share based payments which has been impacted by the fall in the share price.

Earnings per share

Diluted pre-exceptional earnings per share for continuing operations increased by 18% to 93.0p.

EPS	2008/09	2007/08
Continuing Pre Exceptional (Diluted)	93.0p	78.8p
Exceptional items	(40.2)p	(28.2)p
Discontinued business (DLL)	-	242.4p
Total operations (diluted)	52.8p	293.0p

Details can be found in note 9.

Dividend

A final dividend of 26.9p, will, subject to approval at the AGM, be paid on 10 July 2009 to all shareholders on the register at the close of business on 8 May 2009. The total dividend for the year at 36.55p is up by 1.5%.

Capital expenditure and Business Acquisitions

Total Group cash capital expenditure on property, plant and equipment during the year was £275.7 million with Hotels and Restaurants spend amounting to £241.5 million, Costa £30.1 million and Corporate £4.1 million. Capital expenditure is split between acquisition expenditure, which includes the acquisition and development of properties

and maintenance expenditure. In addition £30.4 million was spent on business acquisitions and £17.1 million on international investments.

Financing

Net debt at the full year was £623.1 million, compared to £425.8 million last year. The significant non-trading items resulting in the increase were business acquisitions of £30.4 million, the cost of the share buy back programme of £20.0 million and a £50.0 million payment into the pension scheme, as agreed with Whitbread Pension Trustees Limited in April 2003.

As at 26 February 2009 the Group had committed revolving credit facilities of £1,155 million. The facilities reduce to £930 million in December 2010, £855 million in December 2011 and £455 million in December 2012 with the remaining facility maturing in March 2013.

The policy of the Board is to manage its financial position and capital structure in a manner which is consistent with Whitbread maintaining its investment grade status. We aim to run our current operations on a cash flow neutral basis in 2009/10.

Pensions

IAS 19 Pension Deficit

As at 26 February 2009 there was an IAS 19 pension deficit of £233.0 million, which compares to £33.0 million as at 28 February 2008.

Triennial Valuation

The Group has reached agreement in principle with Whitbread Pension Trustees Limited on the triennial valuation, which was based on the position as at 31 March 2008, and the associated recovery plan. This valuation showed a deficit on a funding basis of £388 million. The deficit on this basis uses assumptions which are more conservative than under the requirements of IAS19 and therefore produce a greater deficit. The recovery plan will provide for deficit contributions until 2018. The deficit contribution payments, which will start from August 2011, will be £55 million each year until 2013, then £65 million in 2014 and 2015, £70 million in 2016 and £80 million in 2017 and 2018. In addition the Group has agreed to grant security over £150 million of its property assets in favour of Whitbread Pension Trustees Limited and to update and renew the financial covenant which has been in place since 2003. All these arrangements are subject to appropriate consents, due diligence and final documentation.

Consolidated income statement
Year ended 26 February 2009

	Notes	**Year to 26 February 2009** £m	Year to 28 February 2008 (Restated *) £m
Continuing operations			
Revenue	5	**1,334.6**	1,216.7
Cost of sales		**(193.0)**	(185.5)
Gross profit		**1,141.6**	1,031.2
Distribution costs		**(782.3)**	(740.7)
Administrative expenses		**(132.1)**	(115.5)
Operating profit	5	**227.2**	175.0
Share of loss from joint ventures		**(2.1)**	(0.5)
Share of profit from associate		**1.1**	0.6
Operating profit of the Group, joint ventures and associate		**226.2**	175.1
Finance costs		**(35.4)**	(51.6)
Finance revenue		**7.8**	11.1
Profit before tax		**198.6**	134.6
Analysed as:			
Underlying profit before tax		**228.2**	203.8
IAS 17 'Leases' - impact of future minimum rental uplifts	6	**(3.4)**	(0.4)
Finance cost of cash flow hedges	6	**(0.4)**	(0.1)
IAS 19 Income Statement credit for pension finance cost	6	**5.5**	7.0
Profit before tax and exceptional items		**229.9**	210.3
Exceptional distribution costs	6	**(15.5)**	(46.8)
Exceptional administrative expenses	6	**(13.3)**	(8.0)
Exceptional finance costs	6	**(2.5)**	(20.9)
Profit before tax		**198.6**	134.6

Underlying tax expense		**(69.2)**	(59.1)
Exceptional tax and tax on continuing non GAAP adjustments		**(39.1)**	20.1
Tax expense	7	**(108.3)**	(39.0)
Net profit from continuing operations		**90.3**	95.6
Discontinued operations			
Net profit on disposal of businesses		**-**	440.8
Profit for the year from discontinued operations		**-**	20.7
		-	461.5
Profit for the year		**90.3**	557.1
Attributable to:			
Parent shareholders		**91.8**	557.9
Equity minority interest		**(1.5)**	(0.8)
		90.3	557.1

Earnings per share (note 9)	**Year to 26 February 2009**		Year to 28 February 2008 (Restated *)	
	Continuing operations	**Total operations**	Continuing operations	Total operations
	p	**p**	p	p
Earnings per share				
Basic for profit for the year	**52.82**	**52.82**	50.92	294.72
Diluted for profit for the year	**52.76**	**52.76**	50.63	293.01
Earnings per share before exceptional items				
Basic for profit for the year	**93.10**	**93.10**	79.23	89.59
Diluted for profit for the year	**92.99**	**92.99**	78.78	89.08
Underlying earnings per share				
Basic for profit for the year	**92.35**	**92.35**	76.86	87.22
Diluted for profit for the year	**92.24**	**92.24**	76.42	86.71

**Restated for deferred tax, see note 4*

Consolidated statement of recognised income and expense
Year ended 26 February 2009

	Year to 26 February 2009	Year to 28 February 2008 (Restated *)
	£m	£m
Cash flow hedges:		
Loss taken to equity	**(29.6)**	(4.5)
Exchange differences on translation of foreign operations	**5.3**	(0.8)
Actuarial (losses)/gains on defined benefit pension schemes	**(255.5)**	95.5
Tax on items taken directly to or from equity	**79.8**	(29.3)
Net (loss)/gain recognised directly in equity	**(200.0)**	60.9
Profit for the year	**90.3**	557.1
Total recognised income and expense for the year	**(109.7)**	618.0
Attributable to:		
Parent shareholders	**(108.2)**	618.8
Equity minority interest	**(1.5)**	(0.8)
	(109.7)	618.0

**Restated for deferred tax, see note 4*

Consolidated balance sheet
At 26 February 2009

	Notes	**26 February 2009**	28 February 2008 (Restated *)

		£m	£m
Assets			
Non-current assets			
Intangible assets		**118.9**	101.2
Property, plant and equipment		**2,301.1**	2,127.4
Investment in joint ventures		**22.8**	3.5
Investment in associate		**1.3**	0.8
Other financial assets		**0.9**	0.9
		2,445.0	2,233.8
Current assets			
Inventories		**16.5**	13.2
Trade and other receivables		**67.0**	62.9
Cash and cash equivalents		**44.5**	107.1
		128.0	183.2
Total assets		**2,573.0**	2,417.0
Liabilities			
Current liabilities			
Financial liabilities		**1.9**	377.0
Provisions		**19.3**	30.9
Derivative financial instruments		**11.8**	1.8
Income tax liabilities		**16.4**	6.8
Trade and other payables		**243.6**	241.3
		293.0	657.8
Non-current liabilities			
Financial liabilities		**665.7**	155.9
Provisions		**21.6**	27.4
Derivative financial instruments		**27.6**	7.6
Deferred income tax liabilities	7	**195.7**	213.7
Pension liability		**233.0**	33.0
Trade and other payables		**7.9**	4.4
		1,151.5	442.0
Total liabilities		**1,444.5**	1,099.8
Net assets		**1,128.5**	1,317.2
Equity			
Share capital		**145.3**	148.8
Share premium		**46.1**	43.8
Capital redemption reserve		**12.3**	8.5
Retained earnings		**3,038.8**	3,261.2
Currency translation reserve		**5.3**	-
Other reserves		**(2,120.0)**	(2,145.1)
Equity attributable to equity holders of the parent		**1,127.8**	1,317.2
Equity minority interest		**0.7**	-
Total equity		**1,128.5**	1,317.2

**Restated for deferred tax and resulting impact on goodwill, see note 4*

Alan Parker
Chief Executive

Christopher Rogers
Finance Director

27 April 2009

Consolidated cash flow statement
Year ended 26 February 2009

	Notes	**Year to 26 February 2009 £m**	Year to 28 February 2008 (Restated *) £m
Profit for the year		**90.3**	557.1
Adjustments for:			
Taxation charged on total operations	7	**108.3**	45.7
Net finance cost		**27.6**	40.5
Total loss from joint ventures		**2.1**	0.7
Total income from associate		**(1.1)**	(0.6)
(Gain)/loss on disposal of property, plant and equipment and property reversions		**(6.9)**	27.2
Net profit on disposal of businesses and investments		**-**	(440.8)
Depreciation and amortisation		**96.3**	89.0
Impairment of property		**16.7**	-
Pension credit		**-**	(10.0)
Reorganisation provision		**2.8**	19.4
Other non-cash items		**12.1**	(6.7)
Cash generated from operations before working capital changes		**348.2**	321.5
Increase in inventories		**(3.3)**	(0.9)
Increase in trade and other receivables		**(0.6)**	(18.6)
Increase/(decrease) in trade and other payables		**10.6**	(20.1)
Payments against provisions		**(20.2)**	(6.1)
Additional payment to pension fund		**(50.0)**	(50.0)
Cash generated from operations		**284.7**	225.8
Interest paid		**(35.8)**	(34.5)
Taxes paid		**(37.0)**	(25.8)
Net cash flows from operating activities		**211.9**	165.5
Cash flows from investing activities			
Disposal of subsidiaries - discontinued		**-**	984.3
Purchase of property, plant and equipment		**(275.7)**	(283.4)
Purchase of intangible assets		**(0.6)**	(1.3)
Costs from disposal of property, plant and equipment		**(1.0)**	(0.3)
Business combinations, net of cash acquired	8	**(30.4)**	(52.2)
Capital contributions to joint ventures		**(17.1)**	(1.6)
Dividends from associate		**0.6**	0.7
Interest received		**2.3**	4.2
Net cash flows from investing activities		**(321.9)**	650.4
Cash flows from financing activities			
Proceeds from issue of share capital		**2.6**	6.4
Costs of purchasing own shares		**(25.7)**	(354.6)
Repayment of preference shares		**-**	(3.3)
Decrease in short-term borrowings		**(9.2)**	(42.7)
Proceeds from long-term borrowings		**231.1**	-
Issue costs of long-term borrowings		**(2.3)**	-
Repayment of long-term borrowings		**-**	(376.8)
Dividends paid	10	**(64.1)**	(60.7)
Net cash flows used in financing activities		**132.4**	(831.7)
Net increase/(decrease) in cash and cash equivalents		**22.4**	(15.8)
Opening cash and cash equivalents		**20.3**	36.1
Closing cash and cash equivalents		**42.7**	20.3
Reconciliation to cash and cash equivalents in the balance sheet			
Cash and cash equivalents shown above		**42.7**	20.3
Add back overdrafts		**1.8**	86.8
Cash and cash equivalents shown within current assets on the balance sheet		**44.5**	107.1

**Restated for deferred tax, see note 4*

Notes to the consolidated financial statements
At 26 February 2009

1 Basis of preparation
The consolidated financial statements of Whitbread PLC for the year ended 26 February 2009 were authorised for issue by the Board of Directors on 27 April 2009.

The financial information included in this preliminary statement of results does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 (the "Act"). The financial information for the year ended 26 February 2009 has been extracted from the statutory accounts on which an unqualified audit opinion has been issued. Statutory accounts for the year ended 26 February 2009 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The statutory accounts for the year ended 28 February 2008 have been delivered to the Registrar of Companies, and the Auditors of the Company made a report thereon under section 235 of the Act. That report was unqualified and did not contain a statement under sections 237(2) or (3) of the Act.

The consolidated financial statements of Whitbread PLC and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the European Union and as applied in accordance with the provisions of the Companies Act 1985.

Prior year comparatives have been restated. Please see note 4 for further information.

2 Basis of consolidation
The consolidated financial statements incorporate the accounts of Whitbread PLC and all its subsidiaries, together with the Group's share of the net assets and results of joint ventures and associates incorporated within these financial statements using the equity method of accounting. These are adjusted, where appropriate, to conform to Group accounting policies. The financial statements of material subsidiaries are prepared for the same reporting year as the parent Company.

Apart from the acquisition of Whitbread Group PLC by Whitbread PLC in 2000/1, which was accounted for using merger accounting, acquisitions by the Group are accounted for under the acquisition method and any goodwill arising is capitalised as an intangible asset. The results of subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from or up to the date that control passes respectively. All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Following the passing of the effective date for IFRIC 14 - The limit on a defined benefit asset, minimum funding requirements and their interaction, the Group has applied this interpretation for the first time this year. The application has had no impact on the Group's financial statements.

3 Accounting policies
The accounting policies used in the year ended 26 February 2009 are consistent with those applied in the financial statements for the year ended 28 February 2008 except for the adoption of the non GAAP measure described below.

Non GAAP performance measure
Previously, Whitbread have separately highlighted exceptional items charged or credited in the income statement. These exceptional items were presented on the face of the income statement in the middle of three columns for each period's presented results. In the current year, the Directors reconsidered this presentation and believe that there are additional items requiring separate presentation in the financial statements to assist readers' full understanding of the underlying financial performance of the Group. The Directors feel that the change to a single column format for the income statement adopted in the current year, more clearly presents this underlying performance of the Group. The face of the Income Statement now presents underlying profit before tax and reconciles this to profit before tax as required to be presented under the applicable accounting standards. Underlying earnings per share is calculated having adjusted profit after tax for the same items, their tax effect and the effect of any exceptional tax items. The term underlying profit is not defined under IFRS and may not be comparable with similarly titled profit measures reported by other companies. It is not intended to be a substitute for, or superior to, GAAP measurements of profit. The adjustments made to reported profit in the income statement in order to present an underlying performance measure include:

Exceptional items
The Group includes in the non GAAP performance measure those items which are exceptional by virtue of their size or incidence so as to allow a better understanding of the underlying trading performance of the Group. The Group includes the profit or loss on disposal of property, plant and equipment, property reversions and impairment in exceptional items.

Finance cost of cash flow hedges
The finance impact of the ineffective portion of cash flow hedges and the movements in fair value of derivatives that are not part of a hedge relationship are excluded from underlying profit.

IAS 19 Income Statement finance charge/credit for pensions
Underlying profit includes the service costs and impact of any curtailments but excludes the volatile finance cost/revenue element of IAS 19 so that underlying profit includes only the service costs and the impact of any curtailments.

IAS 17 non-cash rent - impact of future minimum rental uplifts
IAS 17 requires the total impact of future minimum rental uplifts to be recognised on a straight-line basis over the term of the lease, irrespective of the actual timing of the cost. Underlying profit excludes the impact of this straight-line recognition.

Taxation
The tax impact of the above items is also excluded in arriving at underlying earnings.

4 Restatement of deferred tax
Following the abolition of Industrial Buildings Allowances for hotel buildings enacted in July 2008, IAS 12 (Income Taxes) has been re-interpreted and as a result the deferred tax provisions for hotel buildings have been re-appraised to use a methodology better representing the manner of recovery of the assets. This gives rise to a restatement of the deferred tax liability as at 28 February 2008, reducing it by £79.3m; increasing retained earnings by £55.3m and reducing goodwill by £24.0m. The effect of this restatement on the 2007/8 income statement has been to decrease the tax expense by £12.3m, resulting in an increase in the net profit from continuing operations and profit for the year by an

equivalent amount. The effect of the restatement on 2007/8 total earnings per share has been to increase basic earnings per share by 6.5 pence and diluted earnings per share by 6.46 pence. A summary of the restatement as it affects line items of the income statement, balance sheet and earnings per share is as follows:

Year to 28 February 2008	Restated £m	Effect of restatement £m	As previously reported £m
Income statement			
Profit before tax	134.6	-	134.6
Tax (expense)/income:			
Underlying tax (expense)/income	(59.1)	6.1	(65.2)
Exceptional items	20.1	6.2	13.9
Net profit from continuing activities	95.6	12.3	83.3
Balance sheet			
Intangible assets	101.2	(24.0)	125.2
Deferred income tax liabilities	(213.7)	79.3	(293.0)
Net assets	1,317.2	55.3	1,261.9
Retained earnings	3,261.2	55.3	3,205.9
	p	p	p
Earnings per share for total operations			
Basic for profit for the year	294.72	6.50	288.22
Diluted for profit for the year	293.01	6.46	286.55

At 1 March 2007	Restated £m	Effect of restatement £m	As previously reported £m
Balance sheet			
Intangible assets	54.5	(24.0)	78.5
Deferred income tax liabilities	(242.5)	67.0	(309.5)
Net assets	1,102.1	43.0	1,059.1
Retained earnings	2,781.9	43.0	2,738.9

5 Segment information

The Group's primary reporting format is business segments and its secondary format is geographical segments. The Group operates mainly within the UK and as such the secondary format of geographical segments is not presented.

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group has two core areas of operation:

Operation	Nature of operation
Hotels & Restaurants	Operation of budget hotels and restaurants
Costa	Operation of coffee shops

The segmental note for the comparative period has been changed to reflect the new segmental structure implemented after the disposal of David Lloyd Leisure Limited and TGI Friday's. Following these disposals it was announced that the Restaurants and Hotels divisions would merge, to better align the management teams to the business. The segmental note for the comparative period has been changed to reflect the merging of Restaurants and Hotels into a new segment Hotels & Restaurants.

Inter-segment revenue is from Costa to the other segments. Transactions were entered into on an arm's length basis in a manner similar to transactions with third parties. Included within unallocated operations are functions managed by a central division (including the costs of running the public company).

The unallocated assets and liabilities are cash and debt balances (held and controlled by the central treasury function), taxation, pensions, certain property, plant and equipment and central working capital balances.

The following tables present revenue and profit information and certain asset and liability information regarding business segments for the years ended 26 February 2009 and 28 February 2008.

Year ended 26 February 2009	**Hotels & Restaurants £m**	**Costa £m**	**Unallocated and elimination £m**	**Total continuing operations £m**	**Discontinued operations £m**	**Total operations £m**
Revenue						
Revenue from external customers	**1,061.6**	**260.2**	**12.8**	**1,334.6**	**-**	**1,334.6**
Inter-segment revenue	**-**	**3.6**	**(3.6)**	**-**	**-**	**-**
Total revenue	**1,061.6**	**263.8**	**9.2**	**1,334.6**	**-**	**1,334.6**
EBIT[1]	**254.9**	**22.7**	**(22.6)**	**255.0**	**-**	**255.0**
EBIT[1]	**254.9**	**22.7**	**(22.6)**	**255.0**	**-**	**255.0**
Exceptional items:						
Net gain on disposal of property, plant and equipment and property reversions	**6.3**	**0.2**	**0.4**	**6.9**	**-**	**6.9**
Premier Inn rebranding	**(5.7)**	**-**	**-**	**(5.7)**	**-**	**(5.7)**
Reorganisation	**-**	**-**	**(13.3)**	**(13.3)**	**-**	**(13.3)**

Impairment	(15.3)	(1.2)	(1.3)	(17.8)	-	(17.8)
Impairment reversal	0.2	0.9	-	1.1	-	1.1
Share of loss from joint ventures	0.9	1.2	-	2.1	-	2.1
Share of profit from associate	(1.1)	-	-	(1.1)	-	(1.1)
Segment result	240.2	23.8	(36.8)	227.2	-	227.2
Operating profit				227.2	-	227.2
Share of loss from joint ventures				(2.1)	-	(2.1)
Share of profit from associate				1.1	-	1.1
Profit before financing and tax				226.2	-	226.2
Net finance costs				(27.6)	-	(27.6)
Profit before tax				198.6	-	198.6
Tax expense				(108.3)	-	(108.3)
Profit for the year				90.3	-	90.3
Assets and liabilities						
Segment assets	2,305.5	113.1	-	2,418.6	-	2,418.6
Investment in joint ventures	20.9	1.9	-	22.8	-	22.8
Investment in associate	1.3	-	-	1.3	-	1.3
Unallocated assets	-	-	130.3	130.3	-	130.3
Total assets	2,327.7	115.0	130.3	2,573.0	-	2,573.0
Segment liabilities	(110.3)	(31.5)	-	(141.8)	-	(141.8)
Unallocated liabilities	-	-	(1,302.7)	(1,302.7)	-	(1,302.7)
Total liabilities	(110.3)	(31.5)	(1,302.7)	(1,444.5)	-	(1,444.5)
Net assets	2,217.4	83.5	(1,172.4)	1,128.5	-	1,128.5
Other segment information						
Capital expenditure:						
Property, plant and equipment - cash basis	241.5	30.1	4.1	275.7	-	275.7
Property, plant and equipment - accruals basis	228.6	29.5	5.1	263.2	-	263.2
Intangible assets	0.2	0.4	-	0.6	-	0.6
Depreciation	68.6	17.0	3.9	89.5	-	89.5
Amortisation	0.2	-	6.6	6.8	-	6.8

[1] *EBIT shows the segment result before exceptional items. It is profit before financing, tax and exceptional items*

Year ended 28 February 2008 (restated *)	Hotels & Restaurants £m	Costa £m	Unallocated and elimination £m	Total continuing operations £m	Discontinued operations £m	Total operations £m
Revenue						
Revenue from external customers	973.9	213.9	28.9	1,216.7	103.4	1,320.1
Inter-segment revenue	-	2.4	(2.4)	-	-	-
Total revenue	973.9	216.3	26.5	1,216.7	103.4	1,320.1
EBIT[1]	233.5	20.8	(24.4)	229.9	27.4	257.3
EBIT[1]	233.5	20.8	(24.4)	229.9	27.4	257.3
Exceptional items:						
Net loss on disposal of property, plant and equipment and property reversions	(2.9)	(1.6)	(22.7)	(27.2)	-	(27.2)
Premier Inn rebranding	(7.0)	-	-	(7.0)	-	(7.0)
Aborted bond issue	-	-	(9.4)	(9.4)	-	(9.4)
Outsourcing of logistics	-	-	(12.6)	(12.6)	-	(12.6)
Net surplus arising on change of pension scheme rules	-	-	10.0	10.0	-	10.0
Reorganisation	-	-	(8.6)	(8.6)	-	(8.6)
Share of loss from joint ventures	0.5	-	-	0.5	0.2	0.7
Share of profit from associate	(0.6)	-	-	(0.6)	-	(0.6)
Segment result	223.5	19.2	(67.7)	175.0	27.6	202.6
Operating profit				175.0	27.6	202.6
Share of loss from joint ventures				(0.5)	(0.2)	(0.7)
Share of profit from associate				0.6	-	0.6
Non-operating exceptionals:						
Net profit on disposal of businesses and investments				-	440.8	440.8
Profit before financing and tax						

				175.1	468.2	643.3
Net finance costs				(40.5)	-	(40.5)
Profit before tax				134.6	468.2	602.8
Tax expense				(39.0)	(6.7)	(45.7)
Profit for the year				95.6	461.5	557.1
Assets and liabilities						
Segment assets	2,123.3	97.2	-	2,220.5	-	2,220.5
Investment in joint ventures	2.8	0.7	-	3.5	-	3.5
Investment in associate	0.8	-	-	0.8	-	0.8
Unallocated assets	-	-	192.2	192.2	-	192.2
Total assets	2,126.9	97.9	192.2	2,417.0	-	2,417.0
Segment liabilities	(116.3)	(25.3)	-	(141.6)	-	(141.6)
Unallocated liabilities	-	-	(958.2)	(958.2)	-	(958.2)
Total liabilities	(116.3)	(25.3)	(958.2)	(1,099.8)	-	(1,099.8)
Net assets	2,010.6	72.6	(766.0)	1,317.2	-	1,317.2
Other segment information						
Capital expenditure:						
Property, plant and equipment - cash basis	226.3	33.2	9.5	269.0	14.4	283.4
Property, plant and equipment - accruals basis	228.2	33.4	7.3	268.9	15.2	284.1
Intangible assets	50.3	0.6	-	50.9	0.5	51.4
Depreciation	65.3	13.5	1.9	80.7	5.6	86.3
Amortisation	0.2	-	2.3	2.5	0.2	2.7

[1] *EBIT shows the segment result before exceptional items. It is profit before financing, tax and exceptional items*
**Restated for deferred tax, see note 4*

6 Exceptional items and other non GAAP adjustments

	2008/9 £m	2007/8 (Restated *) £m
Exceptional items before tax and interest:		
Distribution costs		
Net profit/(loss) on disposal of property, plant and equipment, and property reversions[1]	**6.9**	(27.2)
Premier Inn rebranding[2]	**(5.7)**	(7.0)
Impairment of property, plant and equipment	**(16.7)**	-
Outsourcing of logistics[3]	**-**	(12.6)
Administrative expenses		
Reorganisation costs[4]	**(13.3)**	(8.6)
Aborted bond issue	**-**	(9.4)
Net surplus arising on change of pension scheme rules[5]	**-**	10.0
	(28.8)	(54.8)
Exceptional interest:		
Interest on exceptional tax[6]	**(1.7)**	(6.7)
Interest cost of early redemption of debentures[7]	**-**	(14.2)
Movement in discount on provisions	**(0.8)**	-
	(2.5)	(20.9)
Other non GAAP adjustments made to underlying profit before tax to arrive at reported profit before tax:		
IAS 17 'Leases' - impact of future minimum rental uplifts	**(3.4)**	(0.4)
Finance cost of cash flow hedges	**(0.4)**	(0.1)
IAS 19 Income Statement credit for pension finance cost	**5.5**	7.0
	1.7	6.5
Items included in reported profit before tax, but excluded in arriving at underlying profit before tax	**(29.6)**	(69.2)

Tax adjustments included in reported profit after tax, but excluded in arriving at underlying profit after tax:	**2008/9 £m**	2007/8 (Restated *) £m
Tax on continuing exceptional items	**5.4**	15.6
Tax on other non GAAP adjustments	**(0.4)**	(2.0)
Exceptional tax items	**-**	(9.4)
Deferred tax arising on abolition of Industrial Buildings Allowances[8]	**(44.1)**	-
Deferred tax relating to UK tax rate change	**-**	15.9
	(39.1)	20.1

Discontinued non GAAP performance measures	**2008/9 £m**	2007/8 (Restated *) £m
Net profit on disposal of businesses	**-**	440.8
Tax on discontinued exceptional items	**-**	1.1

Total discontinued non GAAP performance measures	-	441.9

**Restated for deferred tax, see note 4*

1. *Included in the profit on disposal of property, plant and equipment is the profit recognised on disposal of pub restaurants.*
2. *Premier Inn rebranding costs relate to asset write off and brand relaunch costs.*
3. *During the previous year, the Group announced that it would outsource the Group's logistics operation. Exceptional costs in the prior year included project, redundancy and property related costs.*
4. *During the previous year, the Group sold its interests in David Lloyd Leisure Limited and TGI Friday's. Following these disposals it was announced that the Restaurants and Hotels divisions would merge and that the shared service teams would be disbanded. This restructuring includes the cost of aligning IT with the new structures.*
5. *This was the impact of new arrangements for commutation of pension rights on retirement into cash following a change in government limits.*
6. *The associated interest arising on late payment of an item claimed in a previous year, which had been disputed, is included in exceptional interest charges.*
7. *This was the combination of a premium paid to debenture holders arising on early redemption and the income from closing out the associated interest rate swaps.*
8. *The deferred tax charge arises as a result of the enactment by the UK government, in July 2008, of the abolition of Industrial Buildings Allowances for hotel buildings.*

7 Taxation

Consolidated income statement for continuing operations	**2008/9 £m**	2007/8 (Restated *) £m
Major components of the tax charge for continuing operations for the years ended 26 February 2009 and 28 February 2008 are:		
Current tax:		
Current tax expense	**61.3**	14.7
Adjustments in respect of current tax of previous periods	**(1.3)**	15.7
	60.0	30.4
Deferred tax:		
Origination and reversal of temporary differences	**48.3**	18.4
Adjustments in respect of previous periods	**-**	6.0
Change in UK tax rate	**-**	(15.8)
	48.3	8.6
Tax reported in the consolidated income statement for continuing operations	**108.3**	39.0

Consolidated statement of recognised income and expense	**2008/9 £m**	2007/8 £m
Current tax:		
Pensions	**(14.0)**	-
Deferred tax:		
Cash flow hedge	**(8.3)**	-
Pensions	**(57.5)**	29.3
Tax reported in equity	**(79.8)**	29.3

A reconciliation of the tax charge applicable to profit from operating activities before tax at the statutory tax rate to the actual tax charge at the Group's effective tax rate for the years ended 26 February 2009 and 28 February 2008 respectively is as follows:

	2008/9 £m	2007/8 (Restated *) £m
Accounting profit before tax from continuing operations	**198.6**	134.6
Accounting profit before tax from discontinued operations	**-**	468.2
Profit reported in the consolidated income statement	**198.6**	602.8
Tax at current UK tax rate of 28.17% (2008: 30%)	**55.9**	180.8
Effect of different tax rates in overseas companies	**1.6**	0.2
Effect of joint ventures and associate	**0.5**	0.5
Expenditure not allowable/(income not taxable)	**10.1**	(122.2)
Adjustments to tax expense in respect of previous years	**(1.3)**	0.2
Adjustments to deferred tax expense in respect of previous years	**-**	(29.4)
Exceptional tax charge in respect of previous years	**-**	15.6
Deferred tax arising on abolition of Industrial Buildings Allowances	**44.1**	-
Revaluation reserve realisation	**(2.6)**	-
	108.3	45.7
Tax expense reported in the consolidated income statement for continuing operations	108.3	39.0
Tax expense attributable to discontinued operations	**-**	6.7
	108.3	45.7

Deferred tax

Deferred tax relates to the following:

	Consolidated balance sheet		Consolidated income statement	
	2009 £m	2008 (Restated *) £m	**2008/9 £m**	2007/8 (Restated *) £m
Deferred tax liabilities				
Accelerated capital allowances	**98.7**	57.5	**41.1**	(2.2)
Rolled over gains and property revaluations	**174.8**	171.0	**3.8**	(8.1)
Gross deferred tax liabilities	**273.5**	228.5		

Deferred tax assets

Pensions	**(65.2)**	(9.2)	**1.5**	20.3
Other	**(12.6)**	(5.6)	**1.9**	(1.4)
Gross deferred tax assets	**(77.8)**	(14.8)		
Deferred tax expense			**48.3**	8.6
Net deferred tax liability	**195.7**	213.7		

**Restated for deferred tax, see note 4*

Total deferred tax liabilities released as a result of disposals during the year was £2.6m (2008: £65.0m).

The Group has not provided for any deferred tax that would be payable were it to remit the earnings of overseas subsidiaries of £1.7m (2008: £1.8m).

Tax relief on total interest capitalised amounts to £0.8m (2008: £0.5m).

8 Business combinations

On 19 September 2008 the Group acquired 21 hotels, which traded under the Express by Holiday Inn brand, from Mitchells & Butlers plc in exchange for 44 Whitbread pub restaurants. In accordance with IFRS, the purchase of the 21 hotels has been treated as a business combination whilst the disposal of the 44 pub restaurants is treated as an asset disposal.

The fair value of the identifiable assets and liabilities of the acquired businesses as at the date of acquisition, and the corresponding carrying amounts immediately before the acquisition were:

	Book value £m	Provisional fair value to Group £m
Property, plant and equipment	78.0	78.0
Trade and other payables	(0.1)	(0.1)
Net assets	77.9	77.9
Goodwill arising on acquisition		3.9
Total consideration		81.8
Cash flow on acquisition:		
Cash paid		(3.8)
Net cash outflow		(3.8)
Fair value of assets given as consideration		(78.0)
Total consideration		81.8

The consideration includes £3.8m of costs associated with the acquisition, paid in cash and pub restaurants, with a fair value of £78.0m, disposed of in payment for the hotels acquired.

On 24 April 2008 the Group acquired 100% of the share capital of Timecreate Limited, an hotel operator, which traded under the Tulip Inn brand. On 22 July 2008 the Group purchased two hotels, through a business and assets purchase, from the Real Hotel Company PLC. On 10 October 2008 the Group acquired 100% of the share capital of Gazelon Limited, an hotel operator, from the Real Hotel Company PLC.

The fair value of the identifiable assets and liabilities as at the date of acquisition, and the corresponding carrying amounts immediately before the acquisition were:

	Book value £m	Provisional fair value to Group £m
Property, plant and equipment	6.7	6.7
Cash	0.6	0.6
Trade and other receivables	0.6	0.6
Overdrafts and loans	(0.8)	(0.8)
Trade and other payables	(0.5)	(0.5)
Deferred tax	(0.2)	(0.2)
Net assets	6.4	6.4
Goodwill arising on acquisition		20.0
Total consideration		26.4
Cash flow on acquisition:		
Cash acquired		0.6
Overdrafts and loans acquired		(0.8)
Cash paid		(26.4)
Net cash outflow		(26.6)

The consideration includes £0.8m of costs associated with the acquisitions, paid in cash.

From the dates of acquisitions, the hotels acquired during the financial year have contributed a loss of £0.1m to the net profit of the Group due to the one-off costs incurred on these acquisitions. If the acquisitions had taken place at the beginning of the year, the profit for the Group would have been increased by £3.9m and the revenue from continuing operations would have been increased by £13.9m. These numbers include the impact of the 21 hotels acquired from Mitchells & Butlers plc, but excludes the impact of the pub restaurants disposed of in payment for the hotels.

In 2007/8 two business combinations were effected for a total cash consideration of £45.8m. Overdrafts and loans acquired totalled £6.4m and goodwill arising of £50.1m was recognised. There have been no adjustments to the provisional fair values allocated and disclosed in the financial statements of 2007/8.

9 Earnings per share

The basic earnings per share figures are calculated by dividing the net profit for the year attributable to ordinary shareholders, therefore before minority interests, by the weighted average number of ordinary shares in issue during the year after deducting treasury shares and shares held by an independently managed employee share ownership trust (ESOT).

The diluted earnings per share figures allow for the dilutive effect of the conversion into ordinary shares of the weighted average number of options outstanding during the period. Where the share price at the year end is lower than the option price the options become anti-dilutive and are excluded from the calculation. The number of such options was 694,753 (2008: 320,079).

The numbers of shares used for the earnings per share calculations are as follows:

	2008/9 million	2007/8 million
Basic weighted average number of ordinary shares	**173.8**	189.3
Effect of dilution - share options	**0.2**	1.1
Diluted weighted average number of ordinary shares	**174.0**	190.4

The total number of shares in issue at the year end, as used in the calculation of the basic weighted average number of ordinary shares, was 189.1m less 14.7m treasury shares held by Whitbread PLC and 0.8m held by the ESOT (2008: 193.8m less 18.1m treasury shares held by Whitbread PLC and 0.8m held by the ESOT).

The profits used for the earnings per share calculations are as follows:

	Year to 26 February 2009			Year to 28 February 2008 (Restated *)		
	Continuing operations £m	**Discontinued operations £m**	**Total £m**	Continuing operations £m	Discontinued operations £m	Total £m
Profit for the year attributable to parent shareholders	**91.8**	**-**	**91.8**	96.4	461.5	557.9
Exceptional items - gross	**31.3**	**-**	**31.3**	75.7	(440.8)	(365.1)
Exceptional items - taxation	**38.7**	**-**	**38.7**	(22.1)	(1.1)	(23.2)
Profit for the year before exceptional items attributable to parent shareholders	**161.8**	**-**	**161.8**	150.0	19.6	169.6
Non GAAP adjustments - gross	**(1.7)**	**-**	**(1.7)**	(6.5)	-	(6.5)
Non GAAP adjustments - taxation	**0.4**	**-**	**0.4**	2.0	-	2.0
Underlying profit for the year attributable to parent shareholders	**160.5**	**-**	**160.5**	145.5	19.6	165.1

	Year to 26 February 2009			Year to 28 February 2008 (Restated *)		
	Continuing operations p	**Discontinued operations p**	**Total p**	Continuing operations p	Discontinued operations p	Total p
Basic for profit for the year	**52.82**	**-**	**52.82**	50.92	243.80	294.72
Exceptional items - gross	**18.01**	**-**	**18.01**	39.99	(232.86)	(192.87)
Exceptional items - taxation	**22.27**	**-**	**22.27**	(11.68)	(0.58)	(12.26)
Basic for profit before exceptional items for the year	**93.10**	**-**	**93.10**	79.23	10.36	89.59
Non GAAP adjustments - gross	**(0.98)**	**-**	**(0.98)**	(3.43)	-	(3.43)
Non GAAP adjustments - taxation	**0.23**	**-**	**0.23**	1.06	-	1.06
Basic for underlying profit for the year	**92.35**	**-**	**92.35**	76.86	10.36	87.22
Diluted for profit for the year	**52.76**	**-**	**52.76**	50.63	242.38	293.01
Diluted for profit before exceptional items for the year	**92.99**	**-**	**92.99**	78.78	10.29	89.08
Diluted for underlying profit for the year	**92.24**	**-**	**92.24**	76.42	10.29	86.71

**Restated for deferred tax, see note 4*

10 Dividends paid and proposed

	2008/9		2007/8	
	pence per share	**£m**	pence per share	£m
Declared and paid in the year:				
Equity dividends on ordinary shares:				
Final dividend relating to the prior year	**26.90**	**47.1**	22.15	43.5
Interim dividend for the current year	**9.65**	**16.7**	9.10	17.2
		63.8		60.7
Dividends on other shares:				
B share dividend	**7.11**	**0.2**	-	-
C share dividend	**6.64**	**0.1**	-	-

		0.3		-
Total dividends paid		**64.1**		60.7
Proposed for approval at Annual General Meeting:				
Equity dividends on ordinary shares:				
Final dividend for the current year	**26.90**	**46.7**	26.90	47.0

11 Movements in cash and net debt

	28 February 2008 £m	Cost of borrowings £m	Cash flow £m	Conversion of minority loan capital to equity £m	Amortisation of premiums and discounts £m	**26 February 2009 £m**
Cash at bank and in hand	107.1					**44.5**
Overdrafts and short-term borrowings	(96.0)					**(1.8)**
	11.1	-	31.6	-	-	**42.7**
Less short-term bank borrowings	9.2	-	(9.2)	-	-	**-**
Cash and cash equivalents	20.3	-	22.4	-	-	**42.7**
Short-term bank borrowings	(9.2)	-	9.2	-	-	**-**
Loan capital under one year	(281.0)					**(0.1)**
Loan capital over one year	(155.9)					**(665.7)**
Total loan capital	(436.9)	2.3	(231.1)	0.7	(0.8)	**(665.8)**
Net debt	(425.8)	2.3	(199.5)	0.7	(0.8)	**(623.1)**

12 Events after the balance sheet date
A final dividend of 26.90p per share (2008: 26.90p) amounting to a dividend of £46.7m (2008: £47.0m) was recommended by the directors at their meeting on 27 April 2009. These financial statements do not reflect this dividend payable.

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