WHITBREAD

Preliminary Results

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Whitbread PLC
29 April 2010

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WHITBREAD OUTPERFORMS ITS MARKETS AND GROWS PROFITS

Whitbread PLC results for the financial year to 4 March 2010

Financial Highlights

- Total revenue up 7.5% to £1,435.0 million (2008/9: £1,334.6 million)
- Group like for like sales improving: up 3.1% in Q4, down 0.5% in the year
- Underlying profit[1] before tax of £239.1 million up 6.6% (2008/9: £224.4 million)
- Underlying diluted EPS up 6.7% to 96.7p (2008/9: 90.7p)
- Year end net debt reduced by £109.7 million to £513.4 million versus £623.1 million last year
- Final dividend up 5.4% to 28.35p (2008/9: 26.9p); full year dividend up 4% to 38.0p (2008/9: 36.55p)

Statutory

- Profit after tax and exceptional items for the year £160.0 million (2008/9: £90.3 million)
- Total basic EPS 92.4p (2008/9: 52.8p)

Achievements

- Group profit growth from continued outperformance
- Dynamic pricing implemented throughout Premier Inn
- Premier Offers from £29 successfully attracting new leisure customers
- Premier Inn opened 2,240 new rooms; secured over 10,000 rooms in pipeline
- Restaurants achieved consistent positive like for like sales
- Outstanding results at Costa, operating profits up 60%
- 312 net new coffee shops increased the Costa network by 24%
- Efficiency programme on track, cost inflation well managed
- Launched Good Together - our integrated corporate responsibility programme

Anthony Habgood, Chairman of Whitbread PLC, said:

"Whitbread has come through a difficult economic period very creditably. It is trading well and has opportunities for growth, both in the UK and internationally. I am delighted that Andy Harrison will be joining us to succeed Alan Parker on his retirement in November. Andy's skills and experience are ideally suited to build on Alan's successful management of the Company and to take advantage of our growth opportunities."

Alan Parker, Chief Executive of Whitbread PLC, said:

"Whitbread has performed strongly in the most challenging hotel and restaurant trading conditions for a generation. Underlying profits have been increased by virtue of outperforming our markets and

improving operating efficiency. We have achieved a significant reduction in net debt while, at the same time, increasing the number of new sites acquired for our future development."

"We are confident we have the right hospitality brands, positioned to offer value for money in attractive, underpenetrated and growing segments of the market. The fundamentals of Whitbread are strong and provide a firm foundation for sustained profitable growth in both the short and medium term. This growth will be delivered by gaining market share through relentlessly focusing on meeting the needs of our customers and by our network expansion plan. While the level of economic recovery remains unclear, the first seven weeks of the financial year have started well, with positive momentum across the business."

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[1] Underlying profit
Underlying profit excludes exceptional items and the impact of the volatile pension finance cost/credit as accounted for under IAS 19.

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 dialing: +44 (0) 20 7162 0125, entering the pass code: 864029 and quoting The Whitbread Preliminary Results Presentation.

This will be available as a replay for 28 days and will be available from approximately 12:00 noon on 29 April 2010. Dial: +44 (0) 20 7031 4064 and enter the pass code: 864029.

CHIEF EXECUTIVE'S REVIEW

Whitbread outperformed its markets and increased profits in 2009/10, despite the challenging economic backdrop. Group underlying profit before tax increased by 6.6% to £239.1 million (2008/9: £224.4 million), with underlying earnings per share (diluted) increasing by 6.7% to 96.7p. We achieved our three stated priorities: to outperform the market, to reduce operating costs and to achieve cash flow neutrality.

Group revenue grew year on year by 7.5% to £1,435.0 million, driven by the growth in the number of hotels, restaurants and coffee shops despite a modest decline in like for like sales of 0.5%. At Premier Inn, sales rose 4.7%, with like for like sales declining 4.3%. Sales at our restaurants rose 1.3%, with like for like sales up 1.7%. At Costa, sales increased by 23.4%, with like for like sales up 5.5%.

Trading in the first half of the year was impacted by the challenging operational environment, but this improved in the second half. In the last quarter of 2009/10 all our businesses demonstrated positive momentum with Group like for like sales growth of 3.1%.

At the year end, net debt was reduced by £109.7 million to £513.4 million compared to £623.1 million last year.

The Board recommends a final dividend payment of 28.35p per share, making a total dividend for the year of 38.0p per share. The final dividend will be paid on 14 July 2010 to shareholders on the register at the close of business on 14 May 2010. A scrip dividend alternative will again be offered.

Successfully achieving our three key priorities

Whitbread is a focused hospitality company with brand leadership in attractive, value for money sectors. In 2009/10 we set out a clear action plan with three priorities to manage through the

downturn. We have successfully achieved all these priorities and have become a stronger, more competitive and efficient business.

1. Outperforming the market

Premier Inn outperformed its competitors during 2009/10. Regional revpar was down 6.4% during the year, compared to a decline of 8.5% in the regional budget hotel sector and a decline of 9.6% across the whole regional hotel market. We set out a commercial action plan to reinforce our status as the preferred hotel brand for corporate travellers and aggressively target leisure customers. We are pleased to report good progress on all fronts.

Our restaurants have continued to achieve like for like growth, consistently outperforming the market. Customers have been attracted to the great value for money food and drink we offer in well-maintained environments.

Costa has seen 32 consecutive quarters of like for like sales growth. Costa achieved a 59.5% increase in pre exceptional operating profit in 2009/10 and grew like for like sales by 5.5%. The key drivers behind this outstanding performance are Costa's clear position as the coffee lovers' preferred brand and our continued expansion in the UK and overseas.

2. Reducing operating costs

We have reduced overheads by streamlining management, improving the efficiency of our back-office processes and delivering a series of procurement initiatives. As we expand our outlet numbers, we have been able to offer over 1,200 new jobs for frontline employees.

3. Achieving cash flow neutrality

We have exceeded our cash flow targets by £109.7 million. Tight management of working capital, lower capital spend and rescheduled payments to the pension fund have all contributed to the improved position. Net debt at the year end has therefore reduced to £513.4 million (2008/9: £623.1 million). The Group's total debt facilities currently stand at £1,155 million and provide ample headroom for the future.

Looking ahead: Building market share

Growth from a relentless focus on our customers

- Premier Inn - growing like for like occupancy back to 80%
- Restaurants - driving a value strategy to gain volume
- Costa - market innovation to strengthen leading position

Improving momentum during the year was seen from our engines of growth: Premier Inn, with its restaurant joint site model and Costa, the great food and beverage success story both at home and internationally. There are significant further growth opportunities across all our brands by building brand preference and from outlet expansion. We will leverage these opportunities using a sophisticated approach towards understanding our customers.

In 2009/10 we set out a commercial action plan for Hotels and Restaurants, to build on our competitive edge for the business market and aggressively target leisure customers. We put in place four key levers: focused advertising, increased sales activity, Premier Offers and widening reservation distribution. This work will continue during the course of 2010/11 as we make an additional £8 million marketing investment and realise the full benefits of dynamic pricing.

Our value for money restaurants have never been more relevant to today's family dining needs. Our well established meal deal offers, such as two meals for £9 at Brewers Fayre, have achieved significant success and now over a quarter of all diners take up these attractively priced menu options.

At Costa, our fundamental proposition is the quality of our hand made coffee, served in a welcoming environment. A strong driver of success was our breakthrough marketing campaign derived from independent customer research showing 7 out of 10 coffee lovers preferred Costa's cappuccino. Costa also used its understanding of customer preference to introduce the new Flat White coffee, which has been an excellent contributor to incremental sales since its launch in January 2010. At the start of the new financial year Costa launched a new points-based loyalty card which has exceeded initial targets.

Expanding our network

We have clear short and medium term growth plans:

- Premier Inn to increase room numbers in 2010/11 by over 2,500 rooms (+6%) and target a 32% increase to 55,000 rooms in the UK by the end of 2014/15, as well as international expansion.
- Costa to increase store numbers in 2010/11 by net 250 stores (+16%) and target an 88% increase to 3,000 stores by 2014/15, maintaining market leadership in the UK and building five key overseas businesses; in China, India, Russia, the Middle East and Central Europe.

We benefit from our robust balance sheet and strong freehold asset base. We have grown our secured future pipeline of hotel sites to 10,000 rooms by taking advantage of the reduced property market prices.

This pipeline underpins our stated strategy to expand Premier Inn to 55,000 rooms in the UK by the end of 2014. In 2010/11 the target opening schedule is 29 new Premier Inns (over 2,500 rooms), which include 10 new restaurants on joint sites.

Costa is the UK's largest coffee shop brand, and has grown to become the second largest international coffee shop business with 1,600 stores worldwide. In the UK, we plan to open around 130 stores during 2010/11. This growth includes opening new high street locations, adding stores in established retail outlets such as our partnership with Tesco and bringing the Costa experience to hospitals and universities.

Our international business will be the focus of the next phase of Costa's growth, boosted by the acquisition of Coffeeheaven. This transaction completed in the last quarter of 2009/10 and added 89 new stores in the important Central European region. Costa plans to increase overseas outlet numbers by some 120 stores during 2010/11 in the key target markets of China, India, Russia, the Middle East and Central Europe.

Good Together corporate responsibility programme

Whitbread has always put a high value on being a responsible business. In January 2010 we launched Good Together, the umbrella programme for company-wide initiatives to drive sustainable performance and further deepen our corporate responsibility. We have set targets for CO_2 reduction, sustainable sourcing and waste management. We will open the UK's first totally new build green hotel and restaurant in the autumn. We have also reaffirmed our commitment to offer career enhancement to our people through apprenticeships and professional skills attainment. We aim to lead the hospitality sector towards a more sustainable way of working and create an important differentiator, valued by our customers, in the future.

Current trading and outlook

We are confident we have the right hospitality brands, positioned to offer value for money in attractive, underpenetrated and growing segments of the market. The fundamentals of Whitbread are strong and provide a firm foundation for sustained profitable growth in both the short and medium term. This growth will be delivered through our expansion plans as well as by relentlessly focusing on meeting the needs of our customers. While the level of economic recovery remains unclear, the first seven weeks of the financial year have started well, with positive momentum across the business.

Hotels and Restaurants

Hotels and Restaurants	**2009/10 £m**	**2008/9 £m**	**% Change**
Premier Inn revenues	629.8	601.5	4.7
Restaurants revenues	466.2	460.1	1.3
Total revenues	1,096.0	1,061.6	3.2
Premier Inn like for like sales %			(4.3)
Restaurants like for like sales %			1.7
Operating profit, pre exceptional	247.0	254.9	(3.1)
Operating profit, post exceptional	259.9	240.4	8.1

Our Hotels and Restaurants have achieved a strong performance in the challenging operating environment of 2009/10. Total revenues increased by 3.2% to £1,096.0 million with pre exceptional

operating profit down 3.1% year on year to £247.0 million. Like for like sales were positive in the fourth quarter by 1.6%, but down 1.8% over the year.

We have strengthened Premier Inn's status as the leading budget brand by implementing a thorough commercial action plan to drive our revpar forward through a volume-led strategy. This included investing in sales and marketing, widening our distribution channels and launching Premier Offers in June 2009. Our new website, www.premierinn.com also went live in November and has increased visits by 80%. The site now attracts over three million visits per month.

Premier Inn maintained its outperformance versus the hotel market, with business and leisure customers continuing their flight to value. Total sales at Premier Inn are up 4.7% to £629.8 million (2008/9: £601.5 million) with like for like sales down by 4.3%. Regional revpar was down 6.4% against a decline of 9.6% for the total regional hotel market.

Premier Inn is the leading choice brand among business travellers and, for the third year running, won Best Hotel Group Brand at the Business Travel Awards. Business guests can save over £33 per night compared to 3 and 4 star hotels and we attracted over 20 large corporate customers such as E.On, Honda, Lidl and some central Government departments to switch to Premier Inn during the year. Increased sales activity helped to grow Business Accounts with users up 13% on last year. Sales grew by 2.6% to £175.4 million.

In 2009/10, Premier Inn opened 2,240 new rooms (UK 1,624 rooms) and refurbished over 8,000 rooms. At the year end Premier Inn had a total of 42,799 rooms in 588 hotels (UK 41,720 rooms).

Eleven new Premier Inns were opened in regional locations and one new hotel in London, where Premier Inn has maintained its position as London's leading budget hotel operator. We have commenced development of a new 267 bedroom budget hotel at Stratford, located adjacent to the Olympic Stadium, creating some 90 jobs.

Premier Inn also announced its first purpose built green hotel and Beefeater Grill restaurant. It represents the latest stage in sustainable technology and follows our pioneering green hotel pilot in Tamworth, Staffordshire, which opened its doors to guests in December 2008. The 60 bedroom Premier Inn at Burgess Hill, due to open in autumn 2010, will adopt the best performing sustainable construction materials to deliver 70% carbon and 60% water savings.

Our continuous focus on tight cost control, through both procurement and operating efficiencies, has helped underpin our operating margin.

Internationally, we opened three new hotels this year across the UAE and India. We acquired the 50.1% stake we did not already own in the Indian joint venture with real estate developer Emaar-MGF and will take forward the development of new properties independently.

Our restaurants continued to outperform the market as we attracted customers looking for great value food and drink in a comfortable environment. We refurbished 95 restaurants, spending on average £125,000 per site, to ensure a quality environment with value for money at the heart of everything we do. Our restaurants increased customer recommendation metrics by 5.6%.

Revenues have increased by 1.3% to £466.2 million (2008/9: £460.1 million). Our restaurants achieved consistent like for like sales growth of 1.7% driven by increases in average spend and like for like covers increase of 1.4%.

In 2009/10 we opened five new restaurants. Some 333 of our 373 strong restaurant portfolio are located adjacent to a Premier Inn. This joint-site strategy enables us to deliver a superior customer experience and generate enhanced return on capital.

Costa

	2009/10 £m	**2008/9 £m**	**% Change**
System sales	515.7	401.9	28.3
Revenues	340.9	276.3	23.4
Like for like sales %			5.5
Operating profit, pre exceptional	36.2	22.7	59.5
Operating profit, post exceptional	35.9	22.6	58.8

2009/10 was an outstanding year for Costa. Pre exceptional operating profit grew by 59.5% to £36.2m; 312 net new stores were acquired or opened; like for like sales increased by 5.5%; and our international business became profitable.

Costa also made its first acquisition, Coffeeheaven, with stores in Poland and other central European countries. Costa operates in 25 countries and is now the number two international coffee shop operator with 1,600 stores: 1,069 in the UK and 531 overseas.

In addition to the 89 Coffeeheaven stores acquired at the end of the year, Costa opened 223 net new units in 2009/10. Of these, 188 were in the UK, further demonstrating that the brand's domestic market is far from saturated. Sales performance improved strongly across the year, confirming the brand's resilience, even in a recessionary environment.

Our international business became profitable in the year, despite continued investments in China and Russia. This reflected a strong contribution from our franchise businesses and continued progress in the joint ventures.

Costa's commitment to delivering an unbeatable coffee experience gained momentum with three significant initiatives:

- Our '7 out of 10' campaign emphasised how consumers are discerning in their coffee choice. The campaign played a central role in enhancing like for like sales which grew, almost entirely, as a consequence of more customer visits.

- The addition of Costa's new Flat White coffee added another option for coffee lovers, with over a million Flat Whites sold since the launch at the end of January.

- Costa launched the sector's first electronic loyalty scheme and customer database. The Costa Coffee Club card enables customers to earn points with every purchase at Costa. In the first month since its introduction on 4 March this year, well over one million cards have been used by Costa customers.

During 2009/10 Costa demonstrated outstanding growth momentum, forged even stronger engagement with its customers and set the platform for growth.

FINANCE REVIEW

Revenue

Group revenue in the year increased by 7.5% to £1,435.0 million.

Revenue by business segment

£m	2009/10	2008/9	% Change
Hotels and Restaurants	1,096.0	1,061.6	3.2%
Costa	340.9	276.3*	23.4%
Less: Other **	(1.9)	(3.3)	
Revenue	1,435.0	1,334.6	7.5%

*Sales of £12.5 million to Costa franchise partners, which were previously recorded as other but are now included in Costa revenues.
**Predominantly inter-segment revenue

The increase in revenue has come from growth in the number of units and like for like sales: Premier Inn added 15 new hotels and 2,240 rooms; five new restaurants were opened; and Costa opened 188 net stores in the UK and 35 overseas excluding the acquisition of Coffeeheaven which added a further 89 overseas stores. Like for like sales for the Group were down (0.5%) with Costa up 5.5% and Hotels and Restaurants down (1.8%). The trend in like for like sales performance improved as we went through the year.

%	Q1	Q2	Q3	Q4
Premier Inn	-7.9	-7.1	-3.1	2.0
Restaurants	2.0	1.6	2.3	1.1
WHR	**-3.7**	**-3.6**	**-1.0**	**1.6**
Costa	2.6	2.4	6.7	9.6
Group	**-2.7**	**-2.7**	**0.3**	**3.1**

Results

Last year we introduced an underlying profit measure on the face of the consolidated income statement.

The Directors believe that this measure provides useful information for shareholders on the underlying trends and performance of the Group as it excludes exceptional items and the impact of volatile financial costs under IAS 19.

Underlying profit for the year is £239.1 million, up 6.6% on the prior year and underlying diluted earnings per share 96.7p compared to 90.7p last year.

Total profit for the year is £160.0 million which compares to £90.3 million last year.

Exceptional items

Exceptional items are analysed in more detail in note 5. The principal items are the final costs of the £25m cost reduction programme announced in 2008 amounting to £9.9 million, a net impairment charge of £1.5 million and a provision of £21.2 million for lease reversions offset by profits arising from the disposal of a number of properties (primarily relating to the sale and leaseback transaction) announced earlier in the year of £14.6 million. The lease reversions are largely in respect of the expected cost of leases arising as a result of the administration of First Quench Retailing Limited on 29 October 2009, a company to which the Group had previously transferred a significant number of leasehold properties. A provision has been made for approximately 130 properties and the costs we will incur until the leases expire or are reassigned.

Interest

The underlying interest charge is £25.7 million, a reduction of 16.0% on the previous year, reflecting lower interest rates that the Group has incurred during the year.

The total pre exceptional interest cost amounted to £41.2 million. Included within this figure is an IAS 19 pension charge of £15.5 million (2008/9 pension credit of £5.5 million). This charge represents the difference between the expected return on scheme assets and the interest cost of the scheme liabilities. In 2010/11 this is expected to be a pension charge of £11.5 million.

Tax

An underlying tax expense of £71.1 million represents an effective tax rate of 29.8% on the underlying profits, which compares with 30.3% last year. The year on year movement has been predominantly driven by the impact of the rising share price on the tax associated with share based payments.

An exceptional tax credit of £16.8 million occurred during the year as a result of a reduction of the deferred tax liability on rolled over gains.

Earnings per share

Diluted underlying earnings per share increased by 6.7% to 96.7p.

EPS	**2009/10**	**2008/9**
Underlying (diluted)	96.7p	90.7p
Non GAAP adjustments: Pension finance cost	(6.4p)	2.3p
Exceptional items	1.9p	(40.2)p
Total operations (diluted)	92.2p	52.8p

Details can be found in note 8.

Dividend

A final dividend of 28.35p will, subject to approval at the AGM, be paid on 14 July 2010 to shareholders on the register at the close of business on 14 May 2010. The total dividend for the year at 38.0p is up by 4.0%. A scrip dividend alternative will again be offered.

Net Debt and Cashflow

During the year there was a cashflow inflow of £109.7 million reducing year end net debt to £513.4 million (2008/9 £623.1 million).The principal movements were:

£m	2009/10	2008/9
Cashflow from operations*	375.8	334.7
Capital expenditure	(131.7)	(276.3)
Acquisitions / overseas investment	(42.0)	(47.5)
Pension contribution	-	(50.0)
Disposal proceeds	41.8	(1.0)
Interest, tax and dividends	(132.1)	(134.6)
Other	(2.1)	(22.6)
Net cashflow	109.7	(197.3)
Net debt Bfwd	(623.1)	(425.8)
Net debt Cfwd	**(513.4)**	**(623.1)**

* This agrees to cash generated from operations in the accounts excluding the pension payments

The improvement in cash generated from operations was as a result of increased profitability and an £18 million improvement in working capital. The disposal proceeds relate to a sale and leaseback of five properties undertaken in December 2009, plus proceeds from the sale of a number of standalone restaurants.

The weighted average net debt in the year was £569.2 million compared to £531.0 million last year.

As at 4 March 2010 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. In 2010, subject to market conditions, we will begin to diversify our sources of financing.

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.

Capital expenditure and business acquisitions

Total Group cash capital expenditure during the year was £131.7 million with Hotels and Restaurants spend amounting to £111.6 million, Costa £15.2 million and Corporate £4.9 million. Capital expenditure on the businesses is split between acquisition expenditure, which includes the acquisition and development of properties (£65 million) and maintenance expenditure (£61 million). In addition £38.8 million (net of cash acquired) was spent on business acquisitions, including the acquisition of Coffeeheaven, and £3.2 million on international investments. This brings the total cash outflow on capital expenditure and business acquisitions, including the purchase of intangible assets, to £173.7 million.

Pensions

As at 4 March 2010 there was an IAS 19 pension deficit of £434.0 million, (£341.0 million after tax) which compares to £233.0 million (£167.8 million after tax) as at 26 February 2009.

During the year the Group entered into a transaction with Whitbread Pension Trustee described in further detail in note 32 to the consolidated accounts of the Group for the year ended 4 March 2010.

As a result of the above transaction, the Group has received a current tax credit of £28.6 million in respect of its £102.0 million funding of the Pension Fund. There is a corresponding deferred tax charge of £28.6 million reflecting the lower tax deductions now available in future periods from the Group's funding of the deficit position.

Consolidated income statement
Year ended 4 March 2010

	Notes	**Year to 4 March 2010 £m**	Year to 26 February 2009 £m
Revenue	4	**1,435.0**	1,334.6
Cost of sales		**(213.5)**	(193.0)
Gross profit		**1,221.5**	1,141.6
Distribution costs		**(830.3)**	(782.3)
Administrative expenses		**(138.0)**	(132.1)

Operating profit		**253.2**	227.2
Share of loss from joint ventures		**(3.1)**	(2.1)
Share of profit from associate		**0.7**	1.1
Operating profit of the Group, joint ventures and associate	4	**250.8**	226.2
Finance costs		**(43.9)**	(35.4)
Finance revenue		**1.1**	7.8
Profit before tax		**208.0**	198.6
Analysed as:			
Underlying profit before tax		**239.1**	224.4
IAS 19 Income Statement (charge)/credit for pension finance cost	5	**(15.5)**	5.5
Profit before tax and exceptional items		**223.6**	229.9
Exceptional distribution costs	5	**(8.1)**	(15.5)
Exceptional administrative expenses	5	**(5.9)**	(13.3)
Exceptional finance costs	5	**(1.6)**	(2.5)
Profit before tax		**208.0**	198.6
Underlying tax expense		**(71.1)**	(68.1)
Exceptional tax and tax on non GAAP adjustment		**23.1**	(40.2)
Tax expense	6	**(48.0)**	(108.3)
Profit for the year		**160.0**	90.3
Attributable to:			
Parent shareholders		**161.0**	91.8
Equity minority interest		**(1.0)**	(1.5)
		160.0	90.3

Earnings per share (note 8)	**Year to 4 March 2010 p**	Year to 26 February 2009 p
Earnings per share		
Basic for profit for the year	**92.37**	52.82
Diluted for profit for the year	**92.16**	52.76
Earnings per share before exceptional items		
Basic for profit for the year	**90.53**	93.10
Diluted for profit for the year	**90.33**	92.99
Underlying earnings per share		
Basic for profit for the year	**96.95**	90.80
Diluted for profit for the year	**96.74**	90.69

All operations are continuing

Consolidated statement of comprehensive income
Year ended 4 March 2010

	Year to 4 March 2010 £m	Year to 26 February 2009 £m
Profit for the year	**160.0**	90.3
Net gain/(loss) on cash flow hedges	**3.0**	(29.6)
Deferred tax	**(0.8)**	8.3
	2.2	(21.3)
Actuarial losses on defined benefit pension schemes	**(195.7)**	(255.5)
Current tax	**28.6**	14.0
Deferred tax	**26.3**	57.5
	(140.8)	(184.0)
Exchange differences on translation of foreign operations	**(0.2)**	5.3
Other comprehensive loss for the year, net of tax	**(138.8)**	(200.0)
Total comprehensive profit/(loss) for the year, net of tax	**21.2**	(109.7)
Attributable to:		
Parent shareholders	**22.2**	(108.2)
Equity minority interest	**(1.0)**	(1.5)
	21.2	(109.7)

Consolidated statement of changes in equity
Year ended 4 March 2010

	Share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £m	Currency translation £m	Treasury reserve £m	Merger reserve £m	Hedging reserve £m	Total £m	Minority interest £m	Total Equity £m
At 28 February 2008	148.8	43.8	8.5	3,261.2	-	(281.0)	(1,855.0)	(9.1)	**1,317.2**	-	**1,317.2**
Profit for the year	-	-	-	91.8	-	-	-	-	**91.8**	(1.5)	**90.3**
Other comprehensive income	-	-	-	(175.7)	5.3	-	-	(29.6)	**(200.0)**	-	**(200.0)**
Total comprehensive income	-	-	-	(83.9)	5.3	-	-	(29.6)	**(108.2)**	(1.5)	**(109.7)**
Ordinary shares issued	0.3	2.3	-	-	-	-	-	-	**2.6**	-	**2.6**
Ordinary shares cancelled	(3.8)	-	3.8	(73.9)	-	73.9	-	-	**-**	-	**-**
Purchase of own shares	-	-	-	-	-	(20.0)	-	-	**(20.0)**	-	**(20.0)**
Preference shares cancelled	-	-	-	(4.5)	-	-	-	-	**(4.5)**	-	**(4.5)**
Cost of ESOT shares purchased	-	-	-	-	-	(1.2)	-	-	**(1.2)**	-	**(1.2)**
Loss on ESOT shares issued to participants	-	-	-	(2.0)	-	2.0	-	-	**-**	-	**-**
Accrued share-based payments	-	-	-	6.0	-	-	-	-	**6.0**	-	**6.0**
Equity dividends	-	-	-	(64.1)	-	-	-	-	**(64.1)**	-	**(64.1)**
Additions	-	-	-	-	-	-	-	-	**-**	2.2	**2.2**
At 26 February 2009	**145.3**	**46.1**	**12.3**	**3,038.8**	**5.3**	**(226.3)**	**(1,855.0)**	**(38.7)**	**1,127.8**	**0.7**	**1,128.5**
Profit for the year	-	-	-	161.0	-	-	-	-	**161.0**	(1.0)	**160.0**
Other comprehensive income	-	-	-	(141.6)	(0.2)	-	-	3.0	**(138.8)**	-	**(138.8)**
Total comprehensive income	-	-	-	19.4	(0.2)	-	-	3.0	**22.2**	(1.0)	**21.2**
Ordinary shares issued	0.4	3.7	-	-	-	-	-	-	**4.1**	-	**4.1**
Loss on ESOT shares issued to participants	-	-	-	(4.3)	-	4.3	-	-	**-**	-	**-**
Accrued share-based payments	-	-	-	5.9	-	-	-	-	**5.9**	-	**5.9**
Deferred tax on share-based payments	-	-	-	0.9	-	-	-	-	**0.9**	-	**0.9**
Equity dividends (note 9)	-	-	-	(63.7)	-	-	-	-	**(63.7)**	-	**(63.7)**
Scrip dividends (note 9)	0.7	(0.7)	-	9.8	-	-	-	-	**9.8**	-	**9.8**
Additions	-	-	-	-	-	-	-	-	**-**	1.3	**1.3**
At 4 March 2010	**146.4**	**49.1**	**12.3**	**3,006.8**	**5.1**	**(222.0)**	**(1,855.0)**	**(35.7)**	**1,107.0**	**1.0**	**1,108.0**

Consolidated balance sheet
At 4 March 2010

	Notes	**4 March 2010 £m**	26 February 2009 £m
Assets			
Non-current assets			
Intangible assets		**150.0**	118.9
Property, plant and equipment		**2,310.7**	2,301.1
Investment in joint ventures		**18.1**	22.8
Investment in associate		**1.2**	1.3
Other financial asset		**0.9**	0.9
		2,480.9	2,445.0
Current assets			
Inventories		**17.0**	16.5
Income tax recoverable		**6.5**	-
Trade and other receivables		**93.9**	67.0
Cash and cash equivalents		**47.0**	44.5
		164.4	128.0
Assets held for sale		**2.3**	-
Total assets		**2,647.6**	2,573.0
Liabilities			
Current liabilities			
Financial liabilities		**31.4**	1.9
Provisions		**21.4**	19.3
Derivative financial instruments		**18.9**	11.8
Income tax liabilities		**-**	16.4
Trade and other payables		**286.3**	243.6

		358.0	293.0
Non-current liabilities			
Financial liabilities		**529.0**	665.7
Provisions		**32.4**	21.6
Derivative financial instruments		**17.2**	27.6
Deferred income tax liabilities	6	**160.8**	195.7
Pension liability		**434.0**	233.0
Trade and other payables		**8.2**	7.9
		1,181.6	1,151.5
Total liabilities		**1,539.6**	1,444.5
Net assets		**1,108.0**	1,128.5
Equity			
Share capital		**146.4**	145.3
Share premium		**49.1**	46.1
Capital redemption reserve		**12.3**	12.3
Retained earnings		**3,006.8**	3,038.8
Currency translation reserve		**5.1**	5.3
Other reserves		**(2,112.7)**	(2,120.0)
Equity attributable to equity holders of the parent		**1,107.0**	1,127.8
Equity minority interest		**1.0**	0.7
Total equity		**1,108.0**	1,128.5

Alan Parker
Chief Executive

Christopher Rogers
Finance Director

28 April 2010

Consolidated cash flow statement
Year ended 4 March 2010

	Notes	**Year to 4 March 2010 £m**	Year to 26 February 2009 £m
Profit for the year		**160.0**	90.3
Adjustments for:			
Taxation charged on total operations	6	**48.0**	108.3
Net finance cost		**42.8**	27.6
Total loss from joint ventures		**3.1**	2.1
Total income from associate		**(0.7)**	(1.1)
(Gain)/loss on disposal of property, plant and equipment and property reversions		**6.6**	(6.9)
Depreciation and amortisation		**95.9**	96.3
Impairments of property, plant and equipment		**1.5**	16.7
Pension curtailment		**(4.0)**	-
Reorganisation provision		**1.3**	2.8
Share-based payments		**5.9**	6.0
Other non-cash items		**8.0**	6.1
Cash generated from operations before working capital changes		**368.4**	348.2
(Increase)/decrease in inventories		**0.1**	(3.3)
(Increase)/decrease in trade and other receivables		**(21.6)**	(0.6)
Increase/(decrease) in trade and other payables		**39.7**	10.6
Payments against provisions		**(10.8)**	(20.2)
Benefits settled by the Company in relation to an unfunded pension scheme		**(6.0)**	-
Additional payment to pension fund		**-**	(50.0)
Cash generated from operations		**369.8**	284.7
Interest paid		**(26.9)**	(35.8)
Taxes paid		**(51.6)**	(37.0)
Net cash flows from operating activities		**291.3**	211.9
Cash flows from investing activities			
Purchase of property, plant and equipment		**(127.1)**	(275.7)
Purchase of intangible assets		**(4.6)**	(0.6)
Proceeds/(costs) from disposal of property, plant and equipment		**41.8**	(1.0)
Business combinations, net of cash acquired	7	**(38.8)**	(30.4)
Capital contributions to joint ventures		**(3.2)**	(17.1)
Dividends from associate		**0.7**	0.6
Interest received		**0.3**	2.3
Net cash flows from investing activities		**(130.9)**	(321.9)
Cash flows from financing activities			
Proceeds from issue of share capital		**4.1**	2.6
Costs of purchasing own shares		**-**	(25.7)

Increase/(decrease) in short-term borrowings	10	**25.5**	(9.2)
(Repayments)/proceeds from long-term borrowings	10	**(137.1)**	231.1
Issue costs of long-term borrowings		**-**	(2.3)
Dividends paid	9	**(53.9)**	(64.1)
Net cash flows used in financing activities		**(161.4)**	132.4
Net increase/(decrease) in cash and cash equivalents		**(1.0)**	22.4
Opening cash and cash equivalents		**42.7**	20.3
Foreign exchange differences		**(0.2)**	-
Closing cash and cash equivalents	10	**41.5**	42.7
Reconciliation to cash and cash equivalents in the balance sheet			
Cash and cash equivalents shown above		**41.5**	42.7
Add back overdrafts		**5.5**	1.8
Cash and cash equivalents shown within current assets on the balance sheet		**47.0**	44.5

Notes to the consolidated financial statements
At 4 March 2010

1 Basis of preparation
The consolidated financial statements of Whitbread PLC for the year ended 4 March 2010 were authorised for issue by the Board of Directors on 28 April 2010.

The financial information included in this preliminary statement of results does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006 (the "Act"). The financial information for the year ended 4 March 2010 has been extracted from the statutory accounts on which an unqualified audit opinion has been issued. Statutory accounts for the year ended 4 March 2010 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The statutory accounts for the year ended 26 February 2009 have been delivered to the Registrar of Companies, and the Auditors of the Company made a report thereon under section 495 of the Act. That report was unqualified and did not contain a statement under sections 498 (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 2006.

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.

3 Accounting policies
The accounting policies used in the year ended 4 March 2010 are consistent with those applied in the financial statements for the year ended 26 February 2009 except for the adoption of new Standards and Interpretations applicable for the year ended 4 March 2010 and the amendment to the definition of underlying profit, as noted below.

IFRS 2 Share-based payment - Vesting Conditions and Cancellations
The standard has been amended to clarify the definition of vesting conditions and to prescribe the accounting of an award that is effectively cancelled because a non-vesting condition is not satisfied. The adoption of this amendment did not have any material impact on the financial position or performance of the Group.

IFRS 7 Financial Instruments: Disclosures
The amended standard requires additional disclosures of fair value measurement and liquidity risk. Fair value measurements relating to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The liquidity risk disclosures are not significantly impacted by the amendments. As permitted by the amended standard, comparative information for the disclosures required by the amendments has not been provided in the first year of implementation.

IFRS 8 Operating Segments
This standard sets out requirements for disclosure of information about an entity's operating segments, its products and services, the geographical areas in which it operates, and its major customers. The Group determined that the operating segments were the same as the business segments previously identified under IAS 14 Segment Reporting. Additional disclosures about each of these segments are shown in note 4, including revised comparative information.

IAS 1 Revised Presentation of Financial Statements
The revised standard has required the reconciliation of movements in equity, previously disclosed in the notes, to be presented as a primary statement entitled Consolidated Statement of Changes in Equity. In addition, the Consolidated Statement of Recognised Income and Expense has been replaced with the Consolidated Statement of Comprehensive Income. The revised standard requires this statement to present all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

IAS 23 Borrowing costs (revised)
The standard has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. The revision to this standard has had no effect on the financial position or performance of the Group as borrowing costs have already been capitalised under the previously allowed alternative treatment.

IFRIC 13 Customer Loyalty Programmes
This interpretation requires customer loyalty award points to be accounted for as a separate component of the sales transaction in which they are granted. Where award credits are collected on behalf of a third party, they should not be disclosed as revenue. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

Non GAAP performance measure
In the prior year, the Group introduced an underlying profit measure on the face of the income statement. The directors have continued with this measure but have refined it so that it now excludes only exceptional items and the impact of any IAS 19 Income Statement finance charge/credit relating to defined benefit pension schemes.

The face of the Income Statement 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 non GAAP performance measures 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.

IAS 19 Income Statement finance charge/credit for defined benefit pension schemes
Underlying profit includes the service costs but excludes the volatile finance cost/revenue element of IAS 19.

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

4 Segment information
For management purposes, the Group is organised into two strategic business units (Hotels & Restaurants and Costa) based upon their different products and services:

- Hotels & Restaurants provide services in relation to food and accommodation
- Costa generates income from the operation of its branded, owned and franchised coffee shops

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its strategic business units separately for the purpose of making decisions about allocating resources and assessing performance. Segment performance is measured based on operating profit before exceptional items. Included within the unallocated and elimination columns in the tables below 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. Sales to Costa franchise partners were previously categorised as unallocated but are now included within Costa (restated for 2009).

Inter-segment revenue is from Costa to the Hotels & Restaurants segment and is eliminated on consolidation. Transactions were entered into on an arm's length basis in a manner similar to transactions with third parties.

All activities are continuing.

The following tables present revenue and profit information and certain asset and liability information regarding business operating segments for the years ended 4 March 2010 and 26 February 2009.

Year ended 4 March 2010	Hotels & Restaurants £m	Costa £m	Unallocated and elimination £m	Total operations £m
Revenue				
Revenue from external customers	1,096.0	339.0	-	1,435.0
Inter-segment revenue	-	1.9	(1.9)	-
Total revenue	1,096.0	340.9	(1.9)	1,435.0
Operating profit before exceptional items	247.0	36.2	(18.4)	264.8
Exceptional items:				
Pension curtailment	-	-	4.0	4.0
Net gain on disposal of property, plant and equipment and property reversions	14.5	(0.4)	(20.7)	(6.6)
Reorganisation	-	-	(9.9)	(9.9)
Impairment	(10.7)	(0.6)	-	(11.3)
Impairment reversal	9.1	0.7	-	9.8
Operating profit of the Group	259.9	35.9	(45.0)	250.8
Net finance costs				(42.8)
Profit before tax				208.0
Tax expense				(48.0)
Profit for the year				160.0
Assets and liabilities				
Segment assets	2,393.9	155.3	-	2,549.2
Unallocated assets	-	-	98.4	98.4
Total assets	2,393.9	155.3	98.4	2,647.6
Segment liabilities	(127.5)	(56.7)	-	(184.2)
Unallocated liabilities	-	-	(1,355.4)	(1,355.4)
Total liabilities	(127.5)	(56.7)	(1,355.4)	(1,539.6)
Net assets	2,266.4	98.6	(1,257.0)	1,108.0
Other segment information				
Income from associate	0.7	-	-	0.7

Loss from joint ventures	**(2.2)**	**(0.9)**	**-**	**(3.1)**
Capital expenditure:				
Property, plant and equipment - cash basis	**111.6**	**15.2**	**0.3**	**127.1**
Property, plant and equipment - accruals basis	**106.6**	**17.3**	**0.1**	**124.0**
Intangible assets	**2.6**	**2.0**	**-**	**4.6**
Depreciation	**(74.6)**	**(17.4)**	**-**	**(92.0)**
Amortisation	**(3.5)**	**(0.4)**	**-**	**(3.9)**

Year ended 26 February 2009 (restated*)	Hotels & Restaurants £m	Costa £m	Unallocated and elimination £m	Total operations £m
Revenue				
Revenue from external customers	1,061.6	272.7	0.3	1,334.6
Inter-segment revenue	-	3.6	(3.6)	-
Total revenue	1,061.6	276.3	(3.3)	1,334.6
Operating profit before exceptional items	254.9	22.7	(22.6)	255.0
Exceptional items:				
Net gain on disposal of property, plant and equipment and property reversions	6.3	0.2	0.4	6.9
Premier Inn rebranding	(5.7)	-	-	(5.7)
Reorganisation	-	-	(13.3)	(13.3)
Impairment	(15.3)	(1.2)	(1.3)	(17.8)
Impairment reversal	0.2	0.9	-	1.1
Operating profit of the Group	240.4	22.6	(36.8)	226.2
Net finance costs				(27.6)
Profit before tax				198.6
Tax expense				(108.3)
Profit for the year				90.3
Assets and liabilities				
Segment assets	2,327.7	115.0	-	2,442.7
Unallocated assets	-	-	130.3	130.3
Total assets	2,327.7	115.0	130.3	2,573.0
Segment liabilities	(110.3)	(31.5)	-	(141.8)
Unallocated liabilities	-	-	(1,302.7)	(1,302.7)
Total liabilities	(110.3)	(31.5)	(1,302.7)	(1,444.5)
Net assets	2,217.4	83.5	(1,172.4)	1,128.5
Other segment information				
Income from associate	1.1	-	-	1.1
Loss from joint ventures	(0.8)	(1.3)	-	(2.1)
Capital expenditure:				
Property, plant and equipment - cash basis	241.5	30.1	4.1	275.7
Property, plant and equipment - accruals basis	228.6	29.5	5.1	263.2
Intangible assets	0.2	0.4	-	0.6
Depreciation	(68.6)	(17.0)	(3.9)	(89.5)
Amortisation	(0.2)	-	(6.6)	(6.8)

** Sales of £12.5m to Costa franchise partners were previously categorised as unallocated but are now included within Costa revenue.*

Revenues from external customers are split geographically as follows:	**2009/10 £m**	2008/9 £m
United Kingdom*	**1,421.4**	1,323.2
Non United Kingdom	**13.6**	11.4
	1,435.0	1,334.6

** United Kingdom revenue is revenue where the source of the supply is the United Kingdom. This includes Costa franchise income invoiced from the United Kingdom.*

Non-current assets** are split geographically as follows:	**2010 £m**	2009 £m
United Kingdom	**2,457.4**	2,425.9
Non United Kingdom	**22.6**	18.2
	2,480.0	2,444.1

*** Non-current assets exclude financial instruments and deferred tax assets.*

5 Exceptional items and other non GAAP adjustments

	2009/10 £m	2008/9 £m
Exceptional items before tax and interest:		
Distribution costs		
Net profit/(loss) on disposal of property, plant and equipment, and property reversions[1]	**(6.6)**	6.9
Premier Inn rebranding[2]	**-**	(5.7)
Impairment of property, plant and equipment	**(11.3)**	(17.8)

Impairment reversal	**9.8**	1.1
	(8.1)	(15.5)
Administrative expenses		
Pension curtailment[3]	**4.0**	-
Reorganisation costs[4]	**(9.9)**	(13.3)
	(5.9)	(13.3)
	(14.0)	(28.8)
Exceptional interest:		
Interest on exceptional tax[5]	**(0.7)**	(1.7)
Movement in discount on provisions	**(0.9)**	(0.8)
	(1.6)	(2.5)
Other non GAAP adjustments made to underlying profit before tax to arrive at reported profit before tax:		
IAS 19 Income Statement (charge)/credit for pension finance cost	**(15.5)**	5.5
Items included in reported profit before tax, but excluded in arriving at underlying profit before tax	**(31.1)**	(25.8)

Tax adjustments included in reported profit after tax, but excluded in arriving at underlying profit after tax:	**2009/10 £m**	2008/9 £m
Tax on continuing exceptional items	**2.0**	5.4
Tax on other non GAAP adjustments	**4.3**	(1.5)
Exceptional tax items[6]	**16.8**	-
Deferred tax arising on abolition of Industrial Buildings Allowances[7]	**-**	(44.1)
	23.1	(40.2)

1. *During the year a net profit of £14.6m was recognised on disposals of property, plant and equipment. In addition, following the entry of First Quench Retailing into administration on 29 October 2009, a provision has been raised for a total of 130 properties for which the Group has an obligation.*
2. *Premier Inn rebranding costs in the prior year relate to asset write off and brand relaunch costs.*
3. *The pension curtailment credit arose due to the closure of the defined benefit scheme to future accrual on 31 December 2009.*
4. *In 2007/8, the Group sold its interests in David Lloyd Leisure Limited and TGI Friday's. Following these disposals it was announced that the Restaurant and Hotels divisions would merge and that the shared service teams would be disbanded. This restructuring includes the final costs associated with the aligning of IT with the new structures. This then completes the income statement impact of the restructuring programme that was announced in 2007/8.*
5. *The interest arising on late payment of an item claimed in a previous year, which is disputed, is included in exceptional interest charges.*
6. *Reduction in deferred tax liability on rolled over gains for differences between the tax deductible cost and accounts residual value of the reinvestment assets.*
7. *The deferred tax charge in the prior year arose as a result of the enactment by the UK government, in July 2008, of the abolition of Industrial Buildings Allowances for hotel buildings.*

6 Taxation

Consolidated income statement	**2009/10 £m**	2008/9 £m
Current tax:		
Current tax expense	**57.5**	61.3
Adjustments in respect of current tax of previous periods	**(0.2)**	(1.3)
	57.3	60.0
Deferred tax:		
Origination and reversal of temporary differences	**4.4**	48.3
Adjustments to deferred tax expense in respect of previous periods	**(13.7)**	-
	(9.3)	48.3
Tax reported in the consolidated income statement	**48.0**	108.3

All operations are continuing.

Consolidated statement of other comprehensive income	**2009/10 £m**	2008/9 £m
Current tax:		
Pensions	**(28.6)**	(14.0)
Deferred tax:		
Cash flow hedge	**0.8**	(8.3)
Pensions	**(26.3)**	(57.5)
Tax reported in other comprehensive income	**(54.1)**	(79.8)

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 4 March 2010 and 26 February 2009 respectively is as follows:

	2009/10 £m	2008/9 £m
Profit before tax as reported in the consolidated income statement	**208.0**	198.6
Tax at current UK tax rate of 28.00% (2009: 28.17%)	**58.2**	55.9
Effect of different tax rates in overseas companies	**1.2**	1.6
Effect of joint ventures and associate	**0.7**	0.5
Expenditure not allowable/(income not taxable)	**1.8**	10.1
Adjustments to tax expense in respect of previous years	**(0.2)**	(1.3)
Adjustments to deferred tax expense in respect of previous years	**3.1**	-
Exceptional adjustments to deferred tax expense in respect of previous years	**(16.8)**	-
Deferred tax arising on abolition of Industrial Buildings Allowances	**-**	44.1
Revaluation reserve realisation	**-**	(2.6)
Tax expense reported in the consolidated income statement	**48.0**	108.3

All operations are continuing.

Deferred tax
Deferred tax relates to the following:

	Consolidated	Consolidated

	balance sheet		income statement	
	2010 £m	2009 £m	**2009/10 £m**	2008/9 £m
Deferred tax liabilities				
Accelerated capital allowances	**102.1**	98.7	**2.5**	41.1
Rolled over gains and property revaluations	**160.3**	174.8	**(14.4)**	3.8
Gross deferred tax liabilities	**262.4**	273.5		
Deferred tax assets				
Pensions	**(93.0)**	(65.2)	**(1.4)**	1.5
Other	**(8.6)**	(12.6)	**4.0**	1.9
Gross deferred tax assets	**(101.6)**	(77.8)		
Deferred tax expense			**(9.3)**	48.3
Net deferred tax liability	**160.8**	195.7		

Total deferred tax liabilities released as a result of disposals during the year was £0.1m (2009: £2.6m).

As a result of the transaction with the Pension Scheme referred to in the Finance Review, a current tax benefit of £28.6m has been obtained in the current year. The deferred tax balance associated with the pension deficit has been adjusted to reflect this benefit.

The Group has not provided deferred tax of £1.7m (2009: £1.7m) in respect of the unremitted earnings of overseas subsidiaries. Following the enactment of the Finance Act 2009, the Group considers that the receipt of those earnings would be exempt from UK tax.

Tax relief on total interest capitalised amounts to £0.1m (2009: £0.8m).

7 Business combinations

On 18 February 2010 Costa Coffee Limited acquired the entire issued share capital of Coffeeheaven International plc for a total cash consideration of £37.2m, equivalent to 24 pence per ordinary share. Coffeeheaven International plc is the leading coffee chain in central and eastern Europe, with 89 stores throughout Poland, the Czech Republic, Hungary, Bulgaria and Latvia.

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	10.6	8.3
Inventories	0.6	0.6
Cash	3.0	3.0
Trade and other receivables	4.4	4.4
Overdrafts and loans	(0.3)	(0.3)
Trade and other payables	(6.1)	(6.1)
Net assets	12.2	9.9
Intangible asset in relation to the Coffeeheaven brand name		5.1
Deferred tax liability in relation to the Coffeeheaven brand name		(1.0)
Goodwill arising on acquisition		23.2
Total consideration		37.2
Cash flow on acquisition:		
Cash acquired		3.0
Overdrafts and loans acquired		(0.3)
Cash paid		(37.2)
Net cash outflow		(34.5)

The consideration includes £1.1m of costs associated with the acquisition, paid in cash.

Fair values are described as provisional due to the proximity of the acquisition date to the year end.

In arriving at the fair value of property, plant and equipment an adjustment of £2.3m has been made to impair the carrying value of a number of leasehold sites. Goodwill arising on the acquisition of Coffeeheaven International plc arises as a result of the expected synergies from the business combination together with the benefits of the assembled workforce of the acquired business.

From the date of acquisition, the company acquired contributed £1.0m revenue and no profit to the net profit of the Group. If the acquisition had taken place at the beginning of the year, the profit of the Group would have been decreased by £1.2m and the revenue from continuing operations would have been increased by £22.8m.

On 18 February 2010 Premier Inn India Limited acquired 50.1% of Premier Inn India Private Limited, which it previously did not own, for £5.5m in cash.

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	5.8	5.4
Cash	2.4	2.4
Trade and other receivables	5.8	5.8
Loan from Premier Inn India Limited	(4.8)	(4.8)
Trade and other payables	(0.6)	(0.6)
Net assets	8.6	8.2
Existing investment in joint venture		(4.3)
Goodwill arising on acquisition		1.6
Total consideration		5.5

Cash flow on acquisition:	
Cash acquired	1.2
Cash paid	(5.5)
Net cash outflow	(4.3)

The consideration includes £0.1m of costs associated with the acquisition, paid in cash.

Fair values are described as provisional due to the proximity of the acquisition date to the year end.

In arriving at fair value of property, plant and equipment an adjustment of £0.4m has been made to write off costs which had been inappropriately capitalised.

No goodwill arose on the original investment in the joint venture.

From the date of acquisition, the company acquired contributed no revenue and a loss of £0.1m to the net profit of the Group. If the acquisition had taken place at the beginning of the year, the profit for Group would have been decreased by £1.6m and the revenue from continuing operations would have been increased by £0.1m.

Prior year business combinations
In 2008/9, four business combinations were effected for a total consideration of £101.0m; £30.2m cash and £78.0m fair value of assets given as consideration. Overdrafts and loans acquired totalled £0.8m and goodwill of £23.9m was recognised. There have been no adjustments to the provisional fair values allocated and disclosed in the financial statements of 2008/9. The fair and book values of assets acquired in 2008/9 were:

	Book value £m	Fair value to Group £m
Property, plant and equipment	84.7	84.7
Cash	0.6	0.6
Trade and other receivables	0.6	0.6
Overdrafts and loans	(0.8)	(0.8)
Trade and other payables	(0.6)	(0.6)
Deferred tax	(0.2)	(0.2)
	84.3	84.3

8 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 nil (2009: 694,753).

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

	2009/10 million	2008/9 million
Basic weighted average number of ordinary shares	**174.3**	173.8
Effect of dilution - share options	**0.4**	0.2
Diluted weighted average number of ordinary shares	**174.7**	174.0

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 190.6m less 14.7m treasury shares held by Whitbread PLC and 0.5m held by the ESOT (2009: 189.1m less 14.7m 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:

	2009/10 £m	2008/9 £m
Profit for the year attributable to parent shareholders	**161.0**	91.8
Exceptional items - gross	**15.6**	31.3
Exceptional items - taxation	**(18.8)**	38.7
Profit for the year before exceptional items attributable to parent shareholders	**157.8**	161.8
Non GAAP adjustments - gross	**15.5**	(5.5)
Non GAAP adjustments - taxation	**(4.3)**	1.5
Underlying profit for the year attributable to parent shareholders	**169.0**	157.8

All operations are continuing.

	2009/10 p	2008/9 p
Basic for profit for the year	**92.37**	52.82
Exceptional items - gross	**8.95**	18.01
Exceptional items - taxation	**(10.79)**	22.27
Basic for profit before exceptional items for the year	**90.53**	93.10
Non GAAP adjustments - gross	**8.89**	(3.16)
Non GAAP adjustments - taxation	**(2.47)**	0.86
Basic for underlying profit for the year	**96.95**	90.80
Diluted for profit for the year	**92.16**	52.76
Diluted for profit before exceptional items for the year	**90.33**	92.99
Diluted for underlying profit for the year	**96.74**	90.69

All operations are continuing.

9 Dividends paid and proposed

	2009/10		2008/9	
	pence per share	**£m**	pence per share	£m
Final dividend relating to the prior year	**26.90**	**46.7**	26.90	47.1
Settled via scrip issue		**(6.0)**		-
Paid in the year		**40.7**		47.1
Interim dividend for the current year	**9.65**	**16.8**	9.65	16.7
Settled via scrip issue		**(3.8)**		-
Paid in the year		**13.0**		16.7
Total equity dividends paid in the year:		**53.7**		63.8
Dividends on other shares:				
B share dividend	**7.13**	**0.1**	7.11	0.2
C share dividend	**2.93**	**0.1**	6.64	0.1
		0.2		0.3
Total dividends paid		**53.9**		64.1
Proposed for approval at Annual General Meeting:				
Equity dividends on ordinary shares:				
Final dividend for the current year	**28.35**	**49.7**	26.90	46.7

10 Movements in cash and net debt

	26 February 2009 £m	Cash flow £m	Foreign exchange £m	Amortisation of premiums & discounts £m	**4 March 2010 £m**
Cash at bank and in hand	44.5				**47.0**
Overdrafts	(1.8)				**(5.5)**
Cash and cash equivalents	42.7	(1.0)	(0.2)	-	**41.5**
Short-term bank borrowings	-	(25.5)	-	-	**(25.5)**
Loan capital under one year	(0.1)				**(0.4)**
Loan capital over one year	(665.7)				**(529.0)**
Total loan capital	(665.8)	137.1	-	(0.7)	**(529.4)**
Net debt	**(623.1)**	**110.6**	**(0.2)**	**(0.7)**	**(513.4)**

11 Events after the balance sheet date
A final dividend of 28.35p per share (2009: 26.90p) amounting to a dividend of £49.7m (2009: £46.7m) was recommended by the directors at their meeting on 28 April 2010. A scrip alternative will be offered. These financial statements do not reflect this dividend payable.

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