



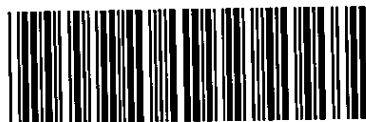
PAM Group Limited
(formerly De Facto 1578 Limited)

Financial Statements

for the period 21 December 2007
to 1 January 2009

COMPANY NUMBER 06458900

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★ PRET A MANGER ★

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PAM Group Limited

Directors and Advisors

For the period 21 December 2007 to 1 January 2009

Directors	S C S Beecham L K Billett N J Candler V M L Gwilliam W N Jackson C E B Schlee G P Weldon
Registered Office	1 Hudson's Place London SW1V 1PZ
Registered number	06458900
Independent Auditors	KPMG LLP 8 Salisbury Square London EC4Y 8BB
Bankers	Rabobank International Thames Court 1 Queenhithe London EC4V 3RL HSBC Bank plc 8 Canada Square London E14 5HQ



Chairman's Statement

For the period 21 December 2007 to 1 January 2009

History and Values

Pret A Manger has been working very hard since 1986 to offer delicious, natural food that provides the range of nutrition needed for health and, we hope, pleasure. Our sandwiches, salads and wraps are handmade fresh in-shop each day using natural preservative-free ethically-sourced ingredients. They don't have 'sell by' dates because we offer our unsold food to charity at the end of the day.

Consumer expectations in the UK and elsewhere continue to rise, and healthy eating is important to a growing number of people. In this environment of increasing expectations, Pret A Manger's simple values, our in-shop kitchens and our commitment to innovation have become increasingly meaningful.

Following the sale of 67% of Pret A Manger last April, the founders maintain an active role in the business. We worked together to restructure the business in 2008 in order to better preserve Pret's unique cultural values, effecting the exit of two minority shareholders (a private American investor and a McDonald's subsidiary) and the arrival of two new shareholders, Bridgepoint Europe III Private Equity Fund and GS Direct L.L.C.

Results

The Group's full year results continue to reflect the growing alignment between Pret A Manger's long-held core values and the expectations of an increasingly knowledgeable marketplace. In the context of the substantial downturn in the principal economies in which we operate, we are pleased that Pret A Manger achieved turnover of £249.6 million, an increase of 12% over 2007.

Pret A Manger continued to increase its investment in expansion during the year. We opened 30 new shops: 24 in the UK, 5 in the USA, and 1 in Hong Kong. These new shops, minus 5 closures in the year, increased the size of the Pret estate by 13%.

Capital expenditure in 2008 was £21.1 million, an increase of 15% over our investment in 2007.

Excluding exceptional items related to the sale transaction and goodwill amortisation, operating profit and EBITDA for the Group for the full year (including pre-acquisition results) were as follows:

	2008 £'000
Consolidated operating profit (including pre-acquisition results)*	
Group turnover	249,552
Cost of sales	(84,226)
Gross profit	165,326
Distribution costs	(63,125)
Administrative expenses	(85,426)
Other operating income	263
Group operating profit (before interest and tax)	17,038
add back: Depreciation and loss on disposal (accelerated depreciation)	13,245
EBITDA	30,283
*The partial year results for the post-acquisition period only (3 April 2008 to 1 January 2009) shown in the Group's financial statements are: turnover of £190.2 million, gross profit of £125.8 million and operating profit before exceptional items and amortisation of £14.4 million.	

Chairman's Statement

For the period 21 December 2007 to 1 January 2009

Goodwill

The consolidated profit and loss account shown on page 11 includes a goodwill amortisation charge of £12.3 million arising from the April 2008 acquisition of the Pret A Manger group by PAM Group Limited, our new holding company.

On 3 April 2008, PAM Group Limited received funds of £395 million. On that date it purchased the Pret A Manger group and retained £15 million in cash. Goodwill of £325.4 million was generated by the transaction and capitalised by the Group. The goodwill is being amortised over 20 years, resulting in the annual goodwill charge.

Control

Bridgepoint Europe III Private Equity Fund, which is managed by Bridgepoint Capital Limited, owns 53% of the ordinary share capital of PAM Group Limited.

Pret's founders, chairman and chief executive, together with key members of management, own 33% of the ordinary share capital.

GS Direct L.L.C. owns 14% of the ordinary share capital.

PAM Group Limited shareholders		%
Founders and management		33
Bridgepoint Europe III Private Equity Fund		53
GS Direct L.L.C.		14
		100

Chairman's Statement

For the period 21 December 2007 to 1 January 2009

Capital Structure

As at 1 January 2009, the total Group capital of £413 million was comprised of £1.9 million in ordinary shares, £85.9 million in preference shares, £149.6 million in loan notes held by equity investors, and bank debt outstanding of £175.6 million (of an

available £220 million). Net cash was £23.1 million. Group net debt on this basis was £152.5 million. Group net assets were £382.2 million.

The table below summarises the Group's balance sheet at 1 January 2009:

	£'000
Cash	23,115
Other Net Assets	45,743
Goodwill	313,317
Net Assets (pro forma)	382,175

	£'000
Financed by:	
- Ordinary Shares (including premium)	1,940
- Preference Shares (including preference share dividend)	85,917
- Loan Notes (including capitalised interest)	149,567
- Bank Debt	175,565
Total Financing (pro forma)	412,989

2008	£'000
Group Operating Profit	17,038
less: Jan-Mar Operating Profit	(2,668)
Post-acquisition (Apr-Dec) Operating Profit	14,370
Exceptional Items and Goodwill Amortisation	(15,108)
Finance Costs (net, including one-time costs)	(33,466)
Corporation Tax	1,003
Exchange Differences	2,387
Profit and Loss Account	(30,814)
Financing and Reserves (pro forma)	382,175



Chairman's Statement

For the period 21 December 2007 to 1 January 2009

Capital Structure (continued)

Due to the fixed nature of the dividends on the cumulative preference shares and of the interest accruing on the loan notes held by equity investors, UK GAAP requires that the preference shares and loan notes, together with their related dividends and interest, are disclosed as debt in the Group's financial statements.

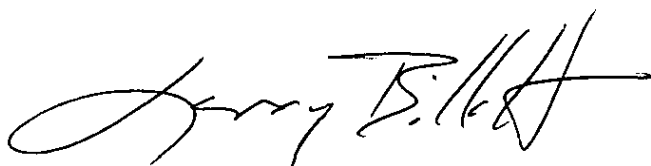
Outlook

We have a cautious assessment of the global economic environment in which we are operating, and we have set a prudent budget for 2009 which reflects this caution.

The Group has substantial liquidity, and we continue to be committed to building new shops. In the UK, we plan to somewhat reduce our 2009 level of investment relative to the high 2008 level. In the USA, we will invest to grow our estate at an increasing rate. Pret's expansion in New York will continue. In addition, this January we entered a further American market with the opening of our first shop in Washington, D.C.

As of 24 March 2009, the Group had a total of 223 shops: 193 in the UK, 20 in the USA, and 10 in Hong Kong.

As always, we are indebted to our team members all over the world, each of whom strives tirelessly to provide quick and friendly service to our customers. We do all we can to make Pret a happy place to work for each of you.



Larry Billett
Chairman

24 March 2009



Directors' Report

For the period 21 December 2007 to 1 January 2009

The Directors submit their report and financial statements for the period 21 December 2007 to 1 January 2009.

The Company was incorporated on 21 December 2007 as De Facto 1578 Limited. On 18 February 2008 the Company changed its name to PAM Group Limited.

On 3 April 2008 PAM Group Limited acquired 100% of the ordinary share capital of PAM Subco Limited and consequently, via subsidiaries, the business of the Pret A Manger group of companies.

Principal activities and review of the business

The principal activity of the Group during the period was the retailing of food and drink in the United Kingdom, United States and Hong Kong. The principal activity of the Company was to act as a holding company.

An enhanced business review is contained in the Chairman's Statement (pages 2 to 5).

Results and dividends

The operating profit before exceptional items and goodwill amortisation for the period is £14,370,000. This is the amount realised from the date of acquisition, 3 April 2008 to 1 January 2009, and therefore differs to the £17,038,000 detailed in the Chairman's Statement which shows a consolidated profit and loss account for all Group companies from 4 January 2008 to 1 January 2009.

The consolidated loss for the period, before exceptional items and taxation, is £19,096,000.

The consolidated loss for the period before taxation is £34,204,000.

No dividends were declared or paid during the period. Preference share dividends of £7,100,000 were accrued during the period.

Principal risks and uncertainties

The Directors recognise that the degree of exposure to certain risks, and the Group's ability to manage those risks effectively, will influence how successful the business is. The Board therefore reviews the risks associated with the business, and has established internal control systems designed to identify those risks that may restrict or seriously impact the ability of the Group to carry on its operations or may prevent it from taking advantage of opportunities for growth, or which may lead to negative sentiment or damage to its reputation. The Group monitors a risk register which is regularly reviewed.

Topics included on the register and/or in the Board calendar for regular review include:

Health and safety

Failure to maintain health and safety standards in food preparation could lead to injuries and impact our brand reputation. The health and safety of our team, our customers and our contractors is of primary importance to us. We aim to ensure that each of the tasks we carry out achieves and maintains the highest standards of health and safety. We stringently audit our shops and continually review our systems and procedures to improve safety, efficiency, health and well being of all those who come into contact with us.

Brand protection

The Pret A Manger brand is a key asset; failure to protect the brand through mismanagement of our trademarks could reduce the value of our brand. PAM Group Limited owns applications and registrations for the core Pret A Manger trademarks in its core territories and potential territories. In order to protect our brand we employ trademark agents and a watching service in order to identify infringements.

Pret A Manger is well known for its great customer service; failure to maintain the high standards we have set could damage our brand appeal. In order to ensure that Pret A Manger leads the market in customer service, we run a mystery shopper programme covering all of our shops on a weekly basis. The results are monitored on a regular basis by the Board. We also have a dedicated customer service department which reports weekly to Board members on customer issues.

Directors' Report

For the period 21 December 2007 to 1 January 2009

International Business Review

The success of our international businesses is integral to our business strategy and therefore detailed strategic reviews are evaluated by the Board as well as the regular monitoring of business performance. This is supplemented by holding at least one Board meeting per year in the USA or Hong Kong.

People

Our greatest asset is our employees. It is critical to our success to attract, retain, develop and motivate the best people with the right capabilities at all levels of operations. We review our people policies regularly and are committed to investing in training and development and incentives for our people. We have a dedicated recruitment centre attached to head office and our 'Pret Academy' with a suite of tailored courses for the training and development of all our staff.

Key Performance Indicators

The executive management team reviews detailed weekly and monthly information covering a range of financial and non financial indicators, and monitors progress on key strategic projects and business development initiatives. Across the Group, similar KPIs are also monitored locally, with oversight from executive management. EBITDA is a crucial KPI, which was £23.7 million for the period from 3 April 2008 to 1 January 2009 (£30.3 million including the pre-acquisition results).

Financial instruments risk management objectives and policies

The Group finances its operations through a mixture of operating profits and, where necessary to fund expansion or capital expenditure programmes, bank borrowings. The management's objectives are to:

- ★ retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds; and
- ★ match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the Group's trading activities.

Hedge accounting is not used by the Group.

The Group's surplus funds are held primarily in short term variable rate deposit accounts. The Directors believe that this gives them the flexibility to release cash resources at short notice and also allows them to take advantage of changing conditions in the finance markets as they arise. All deposits are with reputable banks and the Directors believe their choice of bank minimises any credit risk associated with not placing funds on deposit with a UK clearing bank.

The main risks associated with the Group's financial assets and liabilities are set out below.

Interest rate risk

The Group's borrowings are in fixed and floating interest loans, bank loans are subject to an interest rate hedge over a minimum of 85% of long term debt. The Directors believe this gives certainty of future payments. Details of the interest rate profile of the Group are provided in notes 18 and 19.

Price risk

There is no significant exposure to changes in the carrying value of financial liabilities.

Liquidity risk

The Group aims to mitigate liquidity risk by forecasting requirements and managing cash generated by its operations, and ensuring that the Group is able to service debt as it falls due. Details of the debt repayment profile are provided in notes 18 and 19.

The Group aims to maintain a balance between continuity of funding and flexibility through the use of overdrafts and bank loans. All capital expenditure requires approval.

Foreign currency risk

Foreign currency risk on receivable and payable balances is not considered significant as the Group companies sell and purchase mainly in the currency in which they operate.

Directors' Report

For the period 21 December 2007 to 1 January 2009

Directors

The Directors who served during the period were as follows:

B Alteirac (appointed 18 February 2008, resigned 3 April 2008)

S C S Beecham (appointed 3 April 2008)

L K Billett (appointed 3 April 2008)

C J Busby (appointed 21 January 2008, resigned 3 April 2008)

N J Candler (appointed 3 April 2008)

H T Grant (appointed 21 January 2008, resigned 3 April 2008)

V M L Gwilliam (appointed 21 January 2008)

W N Jackson (appointed 3 April 2008)

C E B Schlee (appointed 3 April 2008)

Travers Smith Limited (appointed 21 December 2007, resigned 21 January 2008)

Travers Smith Secretaries Limited (appointed 21 December 2007, resigned 21 January 2008)

G P Weldon (appointed 3 April 2008)

Political and charitable contributions

During the period payments of a charitable nature amounted to £318,000. There were no contributions to political organisations.

Employment of disabled persons

The Group recognises its responsibilities towards disabled persons and gives full and fair consideration to applicants in positions suited to their own particular abilities where appropriate openings exist. Where employees become disabled in the course of their employment, every effort is made to provide them with continuing employment.

Employee involvement

Management has a policy of providing employees with information about the Group. Regular meetings are held between Management and employees to allow a free flow of information and ideas.

Trade creditors

The Group does not follow any code or standard on payment practice, but agrees payment terms with its suppliers as part of normal purchasing negotiations. Its policy is to settle within the terms where the conditions of supply have been met. At 1 January 2009, the average number of days' purchases outstanding between the Group and its trade creditors was 36 days. The Company has no trade creditors.

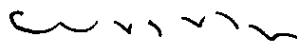
Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

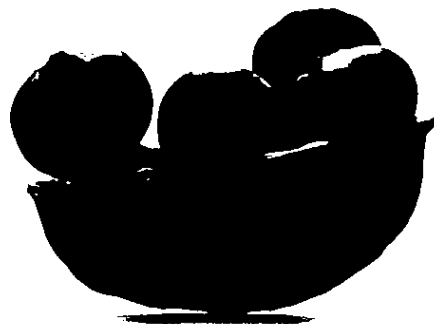
Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By Order of the Board:



C E B Schlee
Director

24 March 2009



Statement of Directors' Responsibilities

For the period 21 December 2007 to 1 January 2009

Statement of Directors' Responsibilities in respect of the Directors' Report and the financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- ★ select suitable accounting policies and then apply them consistently;
- ★ make judgments and estimates that are reasonable and prudent;
- ★ state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ★ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditors' Report to the Members of PAM Group Limited

We have audited the Group and parent company financial statements of PAM Group Limited for the period 21 December 2007 to 1 January 2009 which comprise the consolidated Group Profit and Loss Account, the Group and Company Balance Sheets, the Statement of Group Total Recognised Gains and Losses, the Group Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 9.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion: -

- ★ the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Group and parent company's affairs as at 1 January 2009 and of its loss for the period 21 December 2007 to 1 January 2009;
- ★ the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- ★ the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP
Chartered Accountants
Registered Auditors

KPMG LLP

8 Salisbury Square
London
EC4Y 8BB

24 March 2009

Consolidated Profit and Loss Account

For the period 21 December 2007 to 1 January 2009

	Notes	Before exceptional items and amortisation 2008 £'000	Exceptional items and amortisation (Note 3) 2008 £'000	Total 2008 £'000
Turnover	2	190,158	-	190,158
Cost of sales		(64,408)	-	(64,408)
Gross profit		125,750	-	125,750
Distribution costs		(48,074)	-	(48,074)
Administrative expenses		(63,576)	-	(63,576)
Other operating income		270	-	270
Operating profit before exceptional items and amortisation		14,370	-	14,370
Administrative expenses		-	(14,796)	(14,796)
Operating profit/(loss)	4	14,370	(14,796)	(426)
Interest receivable and similar income	6	439	-	439
Interest payable and similar charges:	7			
- Bank loans		(13,163)	-	(13,163)
- Shareholder liabilities		(19,643)	-	(19,643)
- Financing fees		(1,074)	-	(1,074)
- Other		(25)	(312)	(337)
Loss before taxation	2	(19,096)	(15,108)	(34,204)
Corporation tax	8	1,003	-	1,003
Loss for the period	23	(18,093)	(15,108)	(33,201)

The operating results shown above are derived wholly from the acquisition of the Pret A Manger group on 3 April 2008.

There is no difference between the historical cost profit and losses for the period presented above.

The notes on pages 16 to 38 form part of these financial statements.



Consolidated Statement of Total Recognised Gains and Losses

For the period 21 December 2007 to 1 January 2009

	2008 £'000
Loss for the financial period attributable to shareholders	(33,201)
Exchange gain	2,387
Total recognised gains and losses for the period	(30,814)

The notes on pages 16 to 38 form part of these financial statements.

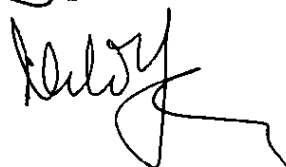
Consolidated Balance Sheet

At 1 January 2009

	Notes	2008 £'000	2008 £'000
Fixed assets			
Intangible assets	10		313,317
Tangible assets	11		65,465
			378,782
Current assets			
Stock	14	992	
Debtors	15	9,512	
Cash at bank and in hand		23,531	
		34,035	
Creditors: amounts falling due within one year	16	(31,813)	
Net current assets			2,222
Total assets less current liabilities			381,004
Creditors: amounts falling due after more than one year	17		(407,849)
Provisions for liabilities	20		(2,029)
Net liabilities			(28,874)
Capital and reserves			
Called up share capital	21		194
Share premium	22		1,746
Profit and loss account	22		(30,814)
Shareholders' deficit	23		(28,874)

These financial statements were approved on 24 March 2009 on behalf of the Board by:

N J Candler
C E B Schlee
Directors



The notes on pages 16 to 38 form part of these financial statements.




Company Balance Sheet

At 1 January 2009

	Notes	2008 £'000
Fixed assets		
Investments	12	61,592
Debtors: amounts falling due after more than one year	15	19,165
Total assets		80,757
Creditors: amounts falling due after more than one year	17	(85,917)
Net liabilities		(5,160)
Capital and reserves		
Called up share capital	21	194
Share premium account	22	1,746
Profit and loss account	22	(7,100)
Shareholders' deficit	23	(5,160)

These financial statements were approved on 24 March 2009 on behalf of the Board by:


 N J Candler
 C E B Schlee
 Directors



The notes on pages 16 to 38 form part of these financial statements.

Consolidated Cash Flow Statement

For the period 21 December 2007 to 1 January 2009

	Notes	2008 £'000
Net cash inflow from operating activities	24	17,598
Returns on investments and servicing of finance	25	(10,992)
Taxation	25	(1,500)
Capital expenditure and financial investment	25	(15,210)
Acquisitions and disposals	25	(360,127)
Cash outflow before financing		(370,231)
Financing	25	393,346
Increase in cash in the period		23,115

Reconciliation of net cash flow to movement in net debt

	Notes	2008 £'000
Increase in cash in the period		23,115
Net cash inflow from change in debt		(411,049)
Net debt at end of period	26	(387,934)

The notes on pages 16 to 38 form part of these financial statements.

Notes to the Financial Statements

For the period 21 December 2007 to 1 January 2009

1. Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention in accordance with applicable UK Accounting Standards and comply with the requirements of the United Kingdom Companies Act 1985.

The Group takes advantage of Section 223 of the Companies Act 1985 and prepares financial statements to the nearest Thursday to the financial year end without changing its 31 December accounting reference date. The 2008 financial statements have been drawn up for the period 21 December 2007 to 1 January 2009.

Basis of preparation

As at 1 January 2009 the Group had net liabilities of £28,874,000. The Group is able to generate sufficient cash to meet its day to day working capital requirements, however it relies on the support of the bank to provide loan facilities to fund expansion.

The financial statements have been prepared on a going concern basis which assumes that the Group will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continuing support of the Group's bankers. On the basis that the existing loan facilities do not expire until between 2015 and 2018 (see note 18), it is the Directors' opinion that the financial statements should be prepared on a going concern basis.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings using the acquisition method. The results of subsidiary undertakings are included in the Group financial statements from their effective date of acquisition.

The Company is exempt from the requirement to present its own profit and loss account under the provisions of Section 234 of the Companies Act 1985.

Turnover

Turnover represents the invoiced amount of goods sold less returns and allowances, excluding value added tax.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions is capitalised and stated at cost less accumulated amortisation and any impairment in value. Goodwill is amortised on a straight-line basis over its estimated useful life up to a maximum of 20 years.

Impairment tests on the carrying value of goodwill are undertaken in accordance with FRS 11 'Impairment of fixed assets and goodwill' as follows:

- ★ at the end of the first full year following acquisition; and
- ★ annually if events or changes in circumstances indicate that the carrying value may not be recoverable.

Notes to the Financial Statements

For the period 21 December 2007 to 1 January 2009

1. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies which are included in the balance sheet are translated at the rates of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account. Results denominated in foreign currencies are translated into sterling using average rates of exchange. Differences arising from the translation of the opening balance sheets and the use of average rates of exchange are taken directly to reserves.

Stock

Stock is stated at the lower of cost and net realisable value. Cost represents the purchase price of raw materials.

Purchasing rebates and other amounts received from suppliers

Rebates and other amounts received from suppliers are treated as a deduction from the related operating costs or costs of assets acquired.

Tangible fixed assets and depreciation

The cost of tangible fixed assets is their purchase cost together with any incidental costs of acquisition.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets over their expected useful lives. The principal annual rates and methods used are:

Short leasehold land and buildings	over the period of the lease
Major refurbishments	17% straight line
Minor refurbishments	33% straight line

Fixtures and fittings	20% straight line
Motor vehicles	25% reducing balance
Computer hardware	33% straight line
Computer software	20% straight line

Progress payments for assets in the course of construction are allocated to short leasehold land and buildings and fixtures and fittings in ratios derived from similar projects completed in the preceding months. The ratios are reviewed annually.

Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of assets is the greater of their net selling price and value in use.

In assessing value in use, the present value of the estimated future cash flows of each income generating unit were calculated using a pre-tax discount rate of 8.6%. An impairment loss is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Leases

All leases held are operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term, even if payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the shorter of the lease term and the date of the next rent review.

Notes to the Financial Statements

For the period 21 December 2007 to 1 January 2009

1. Accounting policies (continued)

Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation to pay more or less tax when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from unremitted earnings of subsidiaries where there is no commitment to remit these earnings.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will result in a reduction in tax payable in the foreseeable future.

Financial instruments

Premiums, discounts and front end fees on financial assets and liabilities are amortised through the profit and loss account over the life of the related asset or liability.

Interest rate swaps are not revalued to fair value or shown on the balance sheet. Income arising from interest rate swaps are matched against the interest costs arising on the borrowings for which they are providing a hedge.

In accordance with FRS 25, 'Financial Instruments' financial instruments issued by the Company or Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- ★ they include no contractual obligations upon the Company or Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company or Group, and

- ★ where the instrument will or may be settled in the Company or Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account excludes amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges.

Fixed asset investments

Fixed asset investments are stated at cost less any provision for impairment in value.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Preference shares

Under the provisions of FRS 25 'Financial Instruments', the Company's preference shares qualify to be treated as liabilities. Fixed or profit related dividends payable on shares classed as liabilities are charged to interest payable and similar charges.

Notes to the Financial Statements

For the period 21 December 2007 to 1 January 2009

2. Segmental analysis

Analyses of turnover, profit/(loss) on ordinary activities before taxation and net assets/(liabilities) by geographical origin are stated below:

Group	Turnover	Profit/(loss) on ordinary activities before taxation	Net assets/ (liabilities)
	2008 £'000	2008 £'000	2008 £'000
United Kingdom	170,235	14,870	47,940
USA	15,251	(562)	2,604
Hong Kong	4,672	62	(4,801)
Group total	190,158	14,370	45,743
Exceptional items (note 3)			
Long Term Incentive Plan payments		(2,490)	-
Financing fees expensed		(312)	-
Goodwill amortisation and goodwill		(12,306)	313,317
Net interest and net debt		(33,466)	(387,934)
		(34,204)	(28,874)

The class of business for all operations is the retailing of food and drink. Destination and origin of turnover are the same.

3. Exceptional items and goodwill amortisation

Administrative expenses

Exceptional items included £2,490,000 being the Long Term Incentive Plan ("LTIP") payments made to various members of the management team as a result of the acquisition of the Pret A Manger group.

Interest payable and similar charges

The exceptional items for the period included £312,000 of costs incurred in relation to the acquisition of the Pret A Manger group during the period. Costs associated with the establishment of new debt facilities have been capitalised and are being amortised over the life of the associated debt. Costs associated with the purchase of equity have been capitalised with the cost of investment and are held as part of goodwill. Residual costs that cannot be directly attributed to either debt or equity have been expensed in the period.

Notes to the Financial Statements

For the period 21 December 2007 to 1 January 2009

3. Exceptional items and goodwill amortisation (continued)

	2008 £'000
Administrative expenses:	
LTIP payments	2,490
Interest payable and similar charges:	
Financing fees expensed	312
Goodwill amortisation (see note 10)	12,306
	15,108

4. Operating loss

The operating loss is stated after charging:

Group	2008 £'000
Depreciation	8,388
Goodwill amortisation	12,306
Operating lease rentals - land and buildings	21,431
Loss on disposal of fixed assets	957

Auditors' remuneration

The following fees for audit and non-audit services were paid/payable to KPMG LLP for the period ended 1 January 2009:

	2008 £'000
Audit of these financial statements	19
Audit of financial statements of subsidiary pursuant to legislation	68
Tax services	75
	162

Notes to the Financial Statements

For the period 21 December 2007 to 1 January 2009

5. Directors and employees

Staff costs during the period were as follows:

	2008 £'000
Wages and salaries	44,663
Social security costs	4,475
	49,138

	2008 £'000
Directors' emoluments consist of:	
Remuneration for management services	408
Amounts receivable under Long Term Incentive Plans	672
	1,080
Highest paid Director:	
Remuneration for management services	141
Amounts receivable under Long Term Incentive Plans	672
	813

The average monthly number of employees, including Directors, during the period was as follows:

	Number 2008
Management	564
Sales and distribution	3,229
	3,793

Notes to the Financial Statements

For the period 21 December 2007 to 1 January 2009

6. Interest receivable and similar income

	Group 2008 £'000
Interest on bank deposits	439
	439

7. Interest payable and similar charges

	Group 2008 £'000
Interest on bank loans	13,163
Interest on shareholder liabilities (note 19):	
Loan note interest	12,543
Redeemable preference share dividends	7,100
	19,643
Amortisation of financing fees (notes 18 and 19)	1,074
Other	
Financing fees expensed (see note 3)	312
Other interest and similar charges	25
	337
	34,217

Notes to the Financial Statements

For the period 21 December 2007 to 1 January 2009

8. Taxation

	Group 2008 £'000
UK corporation tax – current year at 28%	-
Total current tax	-
Deferred tax	(1,003)
Total tax credit	(1,003)

Factors affecting the current tax charge

The effective rate of tax for the year differs to the standard rate of UK corporation tax of 28% as explained below:

	Group 2008 £'000
Loss on ordinary activities before taxation	(34,204)
	(34,204)
Loss on ordinary activities at standard rate of UK tax	(9,577)
Income not assessable for tax purposes	(942)
Expenses not deductible for tax purposes	96
Capital allowances higher than depreciation	1,003
Goodwill amortisation	3,443
Redeemable preference share dividends	1,988
Other timing differences	3,513
Tax losses carried forward	476
UK corporation tax	-

The UK corporation tax charge for the period is higher than the standard rate of UK corporation tax principally due to the fact that goodwill amortisation and redeemable preference share dividends are not deductible for tax purposes. In addition, there are losses in various financing companies which cannot be used. Given the availability of tax losses the Group is expecting a 0% effective tax rate in 2009.

9. Profit attributable to the Company

The loss for the financial period dealt with in the financial statements of the parent company was £7,100,000. As permitted by Section 234 of the Companies Act 1985, no separate profit and loss account is presented in respect of the parent company.

Notes to the Financial Statements

For the period 21 December 2007 to 1 January 2009

10. Intangible assets

Group	Goodwill £'000
Cost	
Acquisition of Pret A Manger group (see notes 12 and 13)	325,427
Additions	196
At 1 January 2009	325,623
Amortisation	
Charge for the period	12,306
At 1 January 2009	12,306
Net book value	
At 1 January 2009	313,317

Intangible assets principally comprise £325,427,000 of goodwill recognised on the acquisition of the Pret A Manger group.

11. Tangible assets

Group	Short leasehold land and buildings £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
Cost					
Acquisition of subsidiary assets	36,182	17,224	70	986	54,462
Additions	8,835	6,384	86	1,746	17,051
Disposals	(870)	(1,012)	-	(522)	(2,404)
Exchange difference	3,048	1,704	-	309	5,061
At 1 January 2009	47,195	24,300	156	2,519	74,170
Depreciation					
Charge for the period	4,134	3,671	39	544	8,388
Disposals	(308)	(744)	-	(395)	(1,447)
Exchange difference	845	726	-	193	1,764
At 1 January 2009	4,671	3,653	39	342	8,705
Net book value					
At 1 January 2009	42,524	20,647	117	2,177	65,465

Notes to the Financial Statements

For the period 21 December 2007 to 1 January 2009

12. Fixed asset investments

Company	Shares in subsidiary undertakings £'000
Cost and net book value	
At 1 January 2009	61,592

The Company and the Group have investments in the following principal subsidiary undertakings.

Name	Class of share	Proportion held	Country of incorporation	Nature of business
Subsidiary undertakings:				
PAM Subco Limited	Ordinary	100%	England	Holding Company
PAM Acquisitionco Limited	Ordinary	100%	England	Holding Company
75B Victoria Limited	Ordinary	100%	Jersey	Holding Company
Prochaine Limited	Ordinary	100%	England	Holding Company
Pret A Manger Holdings Limited	Ordinary	100%	England	Holding Company
Pret A Manger (Europe) Limited	Ordinary	100%	England	Retail of food and drink
Pret A Manger (USA) Limited	Ordinary	100%	England	Retail of food and drink
Pret A Manger (Hong Kong) Limited	Ordinary	100%	England	Retail of food and drink

All investments are held indirectly, with the exception of PAM Subco Limited.

On 3 April 2008 the Company acquired the whole of the issued share capital of PAM Subco Limited in exchange for the allotment and issue of 61,591,508 ordinary shares of £1 at par.

On the same date the Group acquired the whole of the issued share capital of PAM Acquisitionco Limited in exchange for the allotment and issue of 61,591,508 ordinary shares of £1 at par.

On the same date the Group acquired the whole of the issued share capital of 75B Victoria Limited for consideration of £234,525,013.

On the same date the Group acquired the whole of the issued share capital of Prochaine Limited for consideration of £117,116,027.

On the same date the Group acquired 10,854 £0.01 ordinary 'D' shares in Pret A Manger Holdings Limited for consideration of £3,852,053.

Notes to the Financial Statements

For the period 21 December 2007 to 1 January 2009

13. Acquisition

On 3 April 2008 the Pret A Manger group was acquired, the fair value of the total consideration was £355,493,093. In accordance with sections 131 and 133 of the Companies Act 1985, the Company has taken no account of any premium on the shares issued and has recorded the cost of the investment at the nominal value of the shares issued plus the fair value of the other consideration.

The resulting goodwill of £325,427,000 has been capitalised and will be written off over 20 years, being the period over which the Group expects to derive economic benefit from the goodwill.

The acquisition had the following effect on the acquired Group's assets and liabilities:

	£'000 Book value	£'000 Fair value adjustments	£'000 Fair value to group
Fixed assets			
Tangible assets	56,501	(2,039)	54,462
Current assets			
Stock	791	(22)	769
Debtors	7,432	(124)	7,308
	8,223	(146)	8,077
Creditors: amounts falling due within one year	(23,868)	(940)	(24,808)
Net current liabilities	(15,645)	(1,086)	(16,731)
Total assets less current liabilities	40,856	(3,125)	37,731
Provisions for liabilities	(2,739)	(292)	(3,031)
Net assets	38,117	(3,417)	34,700
Goodwill			325,427
Total cost of investment			360,127
Satisfied by			
Cash			355,493
Directly attributable costs			4,634
			360,127

Following a reassessment of the carrying value of all assets and liabilities, fair value adjustments have been identified relating to fixed assets, stock, debtors and creditors to ensure the opening balance sheet reflects the fair value of the group at the date of acquisition. A provision has been made for deferred tax where appropriate.

Notes to the Financial Statements

For the period 21 December 2007 to 1 January 2009

13. Acquisition (continued)

The summarised profit and loss accounts of the acquired trading companies for the pre-acquisition period (4 January 2008 to 3 April 2008) and for their full financial year are as follows:

	£'000 Pre-acquisition	£'000 Full Year
Turnover	59,394	249,552
Cost of sales	(19,818)	(84,226)
Gross Profit	39,576	165,326
Other operating expenses (net)	(36,908)	(147,993)
Operating profit	2,668	17,333
Exceptional items and goodwill amortisation	(1,400)	(1,885)
Finance costs (net)	-	(223)
Profit on ordinary activities before taxation	1,268	15,225
Corporation tax	(1,563)	(560)
Loss for the financial period	(295)	14,665

14. Stock

	Group 2008 £'000	Company 2008 £'000
Raw materials	992	-
	992	-

15. Debtors

	Group 2008 £'000	Company 2008 £'000
Amounts falling due within one year:		
Trade debtors	834	-
Other debtors	1,270	-
Prepayments	7,408	-
	9,512	-

Notes to the Financial Statements

For the period 21 December 2007 to 1 January 2009

15. Debtors (continued)

	Group 2008 £'000	Company 2008 £'000
Amounts falling due after more than one year are:		
Amounts owed by Group undertakings	-	19,165
	-	19,165

16. Creditors: amounts falling due within one year

	Group 2008 £'000	Company 2008 £'000
Bank loans	3,200	-
Bank overdraft	416	-
Trade creditors	8,360	-
Corporation tax	1,313	-
Other taxes and social security	3,493	-
Other creditors	86	-
Accrued interest	102	-
Accruals	14,843	-
	31,813	-

For details of bank loans included within creditors please refer to note 18.

17. Creditors: amounts falling due after more than one year

	Group 2008 £'000	Company 2008 £'000
Redeemable preference shares	85,917	85,917
Unsecured loan notes	149,567	-
Bank loans	172,365	-
	407,849	85,917

For details of bank loans included within creditors please refer to note 18, and for details of redeemable preference shares and unsecured loan notes (shareholder liabilities) please refer to note 19.

Notes to the Financial Statements

For the period 21 December 2007 to 1 January 2009

18. Bank loans

Bank loans repayable, included within creditors are analysed as follows:

	Group 2008 £'000	Company 2008 £'000
Total Borrowings		
Between one and two years	3,200	-
Between two and five years	27,925	-
After five years	152,208	-
	183,333	-

Details of bank loans not wholly repayable within five years are as follows:

Group	Nominal interest rate	Year of final maturity	2008 £'000
Senior facility A	LIBOR + 2.00 – 2.75%	2015	38,400
Senior facility B	LIBOR + 2.75 – 3.25%	2016	50,000
Senior facility C	LIBOR + 3.75%	2017	50,000
Capex facility	LIBOR + 2.75	2015	8,500
Mezzanine facility	LIBOR + 4.50% (Cash) and 5.50% (PIK)	2018	36,433
Revolving credit facility	LIBOR + 2.00 – 2.75%	-	-
Bank loans			183,333
Capitalised financing fees			(7,768)
Net Bank Loans			175,565

During the period the Group drew down £183,500,000 of the £220,000,000 available under the Senior and Mezzanine facilities. Instalment repayments of £1,600,000 were made during the period and Mezzanine Payment in Kind ("PIK") interest of £1,433,000 was capitalised during the period.

The Group capitalised £8,603,000 of costs associated with the establishment of new debt facilities, which are being amortised over the life of the associated debt. Net capitalised financing fees of £7,768,000 are shown after amortisation of £835,000 (see note 7). Capitalised financing fees are being amortised over the life of the associated debt.

At 1 January 2009 £147,000,000 of the loans are subject to an interest rate swap where LIBOR is hedged at 5.07%

Notes to the Financial Statements

For the period 21 December 2007 to 1 January 2009

18. Bank loans (continued)

The Group's bank loans are secured by cross guarantees and debentures given by PAM Group Limited, PAM Subco Limited, PAM Acquisitionco Limited, 75B Victoria Limited, Prochaine Limited, Pret A Manger Holdings Limited, Pret A Manger (Europe) Limited and Pret A Manger (USA) Limited. The debentures comprise a legal charge over substantially all of the Group's assets, including a charge over shares, fixed assets, property, receivables, insurance policies, certain contracts and claims, intellectual property and bank accounts. At 1 January 2009, borrowings covered by the guarantee amounted to £183,333,000.

19. Shareholder liabilities

Shareholder liabilities repayable, included within creditors are analysed as follows:

	Group 2008 £'000	Company 2008 £'000
Total shareholders liabilities		
After five years:		
Loan notes	149,567	-
Redeemable Preference Shares	85,917	85,917
	235,484	85,917

Amounts shown as Redeemable Preference Shares reconcile to the called up preference share capital set out in note 21 as follows:

	Group 2008 £'000	Company 2008 £'000
Redeemable Preference Shares	78,817	78,817
Accrued preference dividends	7,100	7,100
	85,917	85,917

The Redeemable Preference Shares were issued on 3 April 2008. These shares carry an entitlement to a cumulative preferential dividend at the annual rate of 12% of the issue price per share which accrues on a daily basis from the date of the issue, compounds annually on 28 February and is payable on a Sale, Quotation (both as defined in the Articles of Association of the Company) or liquidation. The Redeemable Preference Shares carry no voting rights.

Four series of unsecured subordinated redeemable loan notes were issued on 3 April 2008 (Series A, B1, B2, and B3). Each series of loan note carries an entitlement to interest of 12% compounded annually on 28 February from the date of issue payable on a Sale, Quotation or liquidation. Rather than pay or compound interest on 28 February in each year, the Company may issue to the holders of the Series A loan notes payment in kind notes ("PIK Notes") in full or partial satisfaction of any interest that has accrued up to that date (such PIK Notes having the same terms, including as to interest, as the Series A loan notes themselves).

Notes to the Financial Statements

For the period 21 December 2007 to 1 January 2009

19. Shareholder liabilities (continued)

The Group capitalised £2,458,000 of costs associated with the Series A loan notes, which are being amortised over the life of the associated debt. Net capitalised financing fees of £2,219,000 are shown after amortisation of £239,000 (see note 7). Capitalised financing fees are being amortised over the life of the associated debt.

20. Provisions for liabilities

Deferred taxation provided and unprovided in the financial statements is calculated at a rate of 28% and is set out below:

Provided	Group 2008 £'000
Other timing differences	-
Accelerated capital allowances	2,029
Deferred tax liability	2,029

Unprovided	Group 2008 £'000
Trading losses	(476)
Other timing differences	(3,513)
Deferred tax asset	(3,989)

The Directors determine whether provision should be made for deferred tax assets by assessing if the asset will crystallise in the foreseeable future. The deferred tax asset of £3,989,000 has not been recognised on these grounds.

Notes to the Financial Statements

For the period 21 December 2007 to 1 January 2009

21. Share capital

Authorised	2008 £
Equity shares	
2,200,000 A Ordinary Shares of £0.01 each	22,000
16,800,000 B Ordinary Shares of £0.01 each	168,000
1,000,000 C Ordinary Shares of £0.01 each	10,000
	200,000
Non equity shares	
78,816,617 Redeemable Preference Shares of £0.01 each	788,166
	988,166

Issued, called up and fully paid	2008 £
1,600,000 A Ordinary Shares of £0.01 each	16,000
16,800,000 B Ordinary Shares of £0.01 each	168,000
1,000,000 C Ordinary Shares of £0.01 each	10,000
Total Ordinary Shares	194,000
78,816,617 Redeemable Preference Shares of £0.01 each	788,166
	982,166

Amounts presented in equity	2008 £
1,600,000 A Ordinary Shares of £0.01 each	16,000
16,800,000 B Ordinary Shares of £0.01 each	168,000
1,000,000 C Ordinary Shares of £0.01 each	10,000
	194,000

Notes to the Financial Statements

For the period 21 December 2007 to 1 January 2009

21. Share capital (continued)

Amounts presented in liabilities	2008 £
78,816,617 Redeemable Preference Shares of £0.01 each, issued for £1	78,816,617
	78,816,617

Subject to, inter alia, the payment in full of any dividends that have accrued on the Redeemable Preference Shares, the holders of A, B and C Ordinary Shares are entitled to receive dividends as declared by the Company from time to time. Save on the occurrence of a Default Event (as defined in the Articles of Association of the Company), holders of A, B and C Ordinary Shares are entitled to one vote per share at meetings of the Company.

On 3 April 2008 the company issued 19,400,000 £0.01 ordinary shares (1,600,000 A Ordinary Shares, 16,800,000 B Ordinary Shares and 1,000,000 C Ordinary Shares) for an aggregate consideration of £1,940,000 (made up of an aggregate consideration of £160,000 for the A Ordinary Shares, £1,480,000 for the B Ordinary Shares and £300,000 for the C Ordinary Shares) and 78,816,617 £0.01 Redeemable Preference Shares for an aggregate consideration of £78,816,617.

22. Reserves

	Share premium account £'000	Profit and loss account £'000
Group		
Shares issued during period	1,746	-
Loss for the financial period	-	(33,201)
Exchange differences	-	2,387
At 1 January 2009	1,746	(30,814)
Company		
Shares issued during period	1,746	-
Loss for the financial period	-	(7,100)
At 1 January 2009	1,746	(7,100)

Notes to the Financial Statements

For the period 21 December 2007 to 1 January 2009

23. Reconciliation of movement in shareholders' funds

	Group 2008 £'000	Company 2008 £'000
Loss for the financial period	(33,201)	(7,100)
New shares issued (inc. share premium)	1,940	1,940
Exchange gain	2,387	-
Shareholders' deficit at end of period	(28,874)	(5,160)

24. Reconciliation of operating loss to net cash inflow from operating activities

	Group 2008 £'000
Operating loss	(426)
Amortisation of goodwill	12,306
Depreciation	8,388
Loss on disposal of fixed assets	957
Foreign exchange translation differences	(910)
Increase in stock	(224)
Increase in debtors	(2,204)
Decrease in creditors	(289)
Net cash inflow from operating activities	17,598

Notes to the Financial Statements

For the period 21 December 2007 to 1 January 2009

25. Gross cash flows

	Group 2008 £'000
Returns on investments and servicing of finance	
Interest received	438
Interest paid	(11,430)
Net cash outflow	(10,992)
Taxation	
Corporation tax paid	(1,500)
Net cash outflow	(1,500)
Capital expenditure and financial investment	
Purchase of intangible fixed assets	(196)
Purchase of tangible fixed assets	(15,014)
Net cash outflow	(15,210)
Acquisitions and disposals	
Purchase of subsidiary undertaking	(360,764)
Net overdrafts acquired with subsidiary undertaking	637
Net cash outflow	(360,127)
Financing	
Issue of ordinary share capital	1,940
Increase in short term borrowings	3,200
Increase in long term borrowings	171,800
New unsecured loan	139,243
Redeemable Preference Shares	78,817
Financing of acquisition	395,000
Repayment of loan	(1,600)
Increase on long term borrowings	8,500
Capitalised Mezzanine PIK interest	1,433
Payment of financing related fees	(9,987)
Net cash inflow	393,346

Notes to the Financial Statements

For the period 21 December 2007 to 1 January 2009

26. Analysis of changes in net debt

Group	At 21 December 2007 £'000	Cash flows £'000	At 1 January 2009 £'000
Cash at bank and in hand	-	23,531	23,531
Overdraft	-	(416)	(416)
	-	23,115	23,115
Debt due within one year	-	(3,200)	(3,200)
Debt due after one year	-	(172,365)	(172,365)
	-	(175,565)	(175,565)
Net external debt	-	(152,450)	(152,450)
Redeemable Preference Shares	-	(85,917)	(85,917)
Unsecured loan notes	-	(149,567)	(149,567)
	-	(235,484)	(235,484)
Net debt	-	(387,934)	(387,934)

27. Operating Lease Commitments

Financial commitments under non-cancellable operating leases will result in the following payments due in the next financial year:

Group	Land and buildings 2008 £'000
Expiring:	
Within one year	1,548
Within two to five years	7,398
After five years	20,016
	28,962

Company

The Company has no operating lease commitments at 1 January 2009.

Notes to the Financial Statements

For the period 21 December 2007 to 1 January 2009

28. Capital Commitments

	Land and buildings 2008 £'000
Contracted for but not provided	2,896
	2,896

Capital commitments include £458,000 of capital commitments in Pret A Manger (Europe) Limited and £2,438,000 in Pret A Manger (USA) Limited.

29. Control

The Company is majority owned by the Bridgepoint Europe III Private Equity Fund, which is in turn managed by Bridgepoint Capital Limited.

Pret's founders, chairman and chief executive, together with key members of management, hold 33% of the ordinary share capital. This holding includes 'C' shares which currently represent 5% of the economic and voting rights in the company. In certain circumstances, provisions in the Articles of Association of the company operate such that the 'C' shares come to represent a higher percentage of these rights (subject to a maximum of 15%). The economic dilution resulting from such increase is borne by the holders of 'B' shares.

30. Related Party Transactions

The Company has taken advantage of the exemption available in FRS 8 'Related Party Disclosures' not to disclose transactions with entities which are part of the Group.

During the period, the Group made sales totalling £29,000 to Itsu Limited, a company controlled by C E B Schlee, who is a Director. At the period end Itsu Limited owed £2,000.

During the period, the Group made sales totalling £78,000 to Willow Street Hotel Limited, a company controlled by S C S Beecham, who is a Director. At the period end Willow Street Hotel Limited owed £7,000.

Fees of £3,600,000 were paid to Bridgepoint Capital Limited in relation to the acquisition of the Company, as well as monitoring fees of £113,000 and expenses of £20,000. During the period, the Group made sales totalling £1,200 to Bridgepoint Capital Limited. At the period end Bridgepoint Capital Limited owed £Nil.

Fees of £2,922,000 were paid to Goldman, Sachs & Co in relation to the acquisition of the Company during the period. GS Direct L.L.C., a shareholder in the Company, is a subsidiary of Goldman, Sachs & Co. The Group made sales totalling £1,000 to GS Direct L.L.C., and at the period end they owed £Nil.

Notes to the Financial Statements

For the period 21 December 2007 to 1 January 2009

31. Contingent liabilities

The Group's bank loans are secured by cross guarantees and debentures given by PAM Group Limited, PAM Subco Limited, PAM Acquisitionco Limited, 75B Victoria Limited, Prochaine Limited, Pret A Manger Holdings Limited, Pret A Manger (Europe) Limited and Pret A Manger (USA) Limited. The debentures comprise a legal charge over substantially all of the Group's assets, including a charge over shares, fixed assets, property, receivables, insurance policies, certain contracts and claims, intellectual property and bank accounts. At 1 January 2009, borrowings covered by the guarantee amounted to £183,333,000 (see note 18).