

# Notes to the financial statements

## 9 Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding those held by the Employee Share Ownership Plan trusts (note 25), which are treated as cancelled.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive ordinary shares. These represent share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year.

Underlying earnings per share is provided by excluding the effect of any gain or loss on the sale of properties, impairment of goodwill, investment property fair value movements, financing fair value movements and one-off items that are material and infrequent in nature. This alternative measure of earnings per share is presented to reflect the Group's underlying trading performance.

All operations are continuing for the periods presented.

	2009 million	2008 million
Weighted average number of shares in issue	1,738.5	1,718.7
Weighted average number of dilutive share options	24.7	48.5
Total number of shares for calculating diluted earnings per share	1,763.2	1,767.2

	£m	£m
Profit for the financial year	289	329
(Less)/add: profit on sale of properties, net of tax	(36)	(7)
investment property fair value movements, net of tax	124	–
financing fair value movements, net of tax	8	3
costs relating to approach from Delta Two, net of tax	–	5
fair value gain on other financial asset, net of tax	–	(20)
costs associated with Office of Fair Trading dairy inquiry, net of tax	–	27
Underlying profit after tax	385	337

	pence per share	pence per share
Basic earnings	16.6	19.1
Diluted earnings	16.4	18.6
Underlying basic earnings	22.1	19.6
Underlying diluted earnings	21.8	19.1