Company No: 1934366

AMENDED

PARAMOUNT LIMITED

FINANCIAL STATEMENTS

FOR THE 79 WEEKS ENDED 2 JANUARY 2011

PARAMOUNT LIMITED

FINANCIAL STATEMENTS

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PARAMOUNT LIMITED

COMPANY INFORMATION

FOR THE 79 WEEKS ENDED 2 JANUARY 2011

Number	1934366
Directors	S Rowe S Smith
Registered Office	8-10 Grosvenor Gardens London SW1W 0DH

PARAMOUNT LIMITED

DIRECTORS' REPORT

The directors submit their report and the financial statements for the 79 weeks ended 2 January 2011

1. Principal activities of the Company, review of business and future developments

The principal activity of the Company during the period under review was that of an intermediate holding company The Group is engaged in the management of restaurants in the UK under the brand names Chez Gérard, Bertorelli and Livebait

At the end of the period, the Group was trading out of 17 sites (2009 22 sites)

The Group has endured a difficult trading period with consumer spending in decline and significant competition in the market place 4 sites were disposed of during the period, 3 Bertorellis and a poorly performing Chez Gérard plus the lease expired on a Chez Gérard Subsequent to the period end another Chez Gérard has been disposed of The Directors expect that with the remaining estate, which is supported by new menus, brand websites and enhanced service training, the business will be returned to a much firmer footing Whilst the market remains highly competitive, and promotion driven, they are already showing signs of improvement

The Group has recently initiated a major cost reduction programme which will more than halve central overhead costs

Paramount Limited is a subsidiary of Craftbutton Limited A Directors' Report on the Group activities is included in the accounts of Craftbutton Limited, which in particular refers to the Group's financial restructuring which took place post the balance sheet date

2. Results and dividends

The results of the Company are set out in the profit and loss account on page 7 The loss for the period after taxation amounted to £8,786,000 (2009 loss £nil)

The Directors do not recommend a dividend payment for the period (2009 £nil)

3. Going concern

The Directors believe that the Group has adequate resources to continue to adopt the going concern basis in preparing the accounts This matter is more fully described in note 1 to the financial statements

4. Directors

The directors of the Company who served during the period and since the period end were

P Hill	(resigned 18 June 2010)
M Phillips	(appointed 2 July 2009, resigned 30 June 2010)
M Emerson	(appointed 30 June 2010, resigned 23 December 2010)
W Rollason	(appointed 24 November 2010, resigned 29 July 2011)
S Rowe	(appointed 24 November 2010)
S Smith	(appointed 29 July 2011)

PARAMOUNT LIMITED

DIRECTORS' REPORT

5. Financial Instruments

The Group does not use complicated financial instruments The Group has financial instruments such as debtors, trade creditors and accruals that arise directly from the group's operations The credit risk associated with trade debtors is relatively limited as most of the customers pay by cash or credit card The Group cash flow can vary significantly and the Group monitors cashflow as part of its day to day procedures

6. Employees

The Group is committed to the fair treatment and development of all employees Wherever possible, the director aims to promote talent from within by reviewing succession plans and offering development opportunities Through the application of appropriate policies, the director and his management teams ensure employees are not mistreated or discriminated against on the grounds of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation, religion or part-time employment status The Group reports regularly on employee matters at Board level Employees are provided with regular information regarding the Group's affairs and are consulted on a regular basis wherever feasible and appropriate

7. Disabled employees

The Group makes every effort to ensure that disabled people receive equal opportunities and are not discriminated against on the grounds of their disability

8 Supplier policy and practice

The Group has a standard code and also agrees terms and conditions with the majority of suppliers Payment is then normally made in accordance with these terms, subject to the supplier's own adherence to the agreed terms and conditions The Group's practice in respect of the period with regard to its payment of suppliers, as defined by the Companies Act 2006, has been 65 days (2009 57 days)

9. Auditors

The current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information The directors are not aware of any relevant audit information of which the auditors are unaware

BDO LLP have expressed their willingness to continue in office and a resolution to reappoint BDO LLP as auditors will be proposed at the next annual general meeting

By order of the board

Simon Rowe

S Rowe
Director
5 October 2011

PARAMOUNT LIMITED

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgements and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

PARAMOUNT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARAMOUNT LIMITED

We have audited the financial statements of Paramount Limited for the 79 week period ended 2 January 2011 which comprises the profit and loss account, the balance sheet, and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 2 January 2011 and of its loss for the 79 week period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern The combination of circumstances around meeting the cash flow forecasts and operational performance improvements, achieving certain restaurant disposals and the continuing support of working capital requirements from lenders represent a material uncertainty that may cast a significant doubt upon the company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern

PARAMOUNT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARAMOUNT LIMITED

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

BDO LLP

John Le Poidevin (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
5 October 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

PARAMOUNT LIMITED

PROFIT AND LOSS ACCOUNT

	Notes	79 weeks ended 2 January 2011 £'000	53 weeks ended 28 June 2009 £'000
Administrative expenses	2	(8,786)	-
Operating loss		(8,786)	-
Net interest payable and similar charges		-	-
Loss on ordinary activities before taxation		(8,786)	-
Taxation on loss on ordinary activities		-	-
Loss for the period		(8,786)	-

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

PARAMOUNT LIMITED

BALANCE SHEET

Company number 1934366	Notes	At 2 January 2011 £'000	At 2 January 2011 £'000	At 28 June 2009 £'000	At 28 June 2009 £'000
Fixed assets					
Investments	3		12,700		17,892
Current assets					
Debtors – amounts due from subsidiary undertakings		-		3,500	
Cash at bank and in hand		9		9	
		9		3,509	
Current liabilities					
Creditors amount falling due within one year	4	(2,805)		(2,711)	
Net current assets/(liabilities)			(2,796)		798
Total assets less current liabilities			9,904		18,690
Capital and reserves					
Called up share capital	5		4,158		4,158
Share premium account	6		8,033		8,033
Capital reserve	6		3,446		3,446
Profit and loss account	6		(5,733)		3,053
Shareholders' funds			9,904		18,690

The financial statements were approved by the board of directors and authorised for issue on 5 October 2011

S Smith
Director

S Rowe
Director

The notes on pages 9 to 12 form part of these financial statements

PARAMOUNT LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE 79 WEEKS ENDED 2 JANUARY 2011

1. Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to meet its liabilities as they fall due for the foreseeable future

The Company is dependent on cash generated from operations, restaurant disposal proceeds, bank loans, overdraft facilities and the ongoing financial support from its Parent company to meet day to day working capital requirements

At 2nd January 2011 the Company was wholly owned, through intermediate holding companies, by Smile Restaurants Limited The Smile Restaurants Limited group of companies owed approximately £64 million under bank loans at 2nd January 2011 which the Company and other fellow subsidiaries had guaranteed

On 22nd September 2011 the Smile Restaurants Limited group completed a financial restructuring under which Craftbutton Limited, an intermediate holding company, became a borrower under the Group's banking facilities and was subsequently acquired by a new holding company, Chez Gérard Restaurants Limited Following completion of the restructuring the new group of companies comprising Chez Gérard Restaurants Limited, Craftbutton Limited, the Company and fellow subsidiaries have outstanding bank loans of £25m, a revolving credit facility of £1m and an overdraft of £1 4m The on-going group has been released from its guarantees over the remaining bank borrowings of the former holding company and its group Further details of the refinancing are set out in Note 8 - Post Balance Sheet Events

The Company and its fellow subsidiaries have traded at a loss for an extended period The directors have undertaken a number of steps to improve operational performance including a major cost reduction programme which is targeted to make the on-going group cash positive in 2012

The directors have prepared cashflow projections for the Group for the period to 31 December 2012 which reflect actions to improve operational performance and also include assumptions that certain restaurant disposals will be achieved and that the lenders will agree to part of these proceeds supporting the working capital requirements of the Group The Group is in advanced negotiations with third parties for the sale of a number of restaurants and the directors are confident that sufficient proceeds will be realised and that the lenders will support the use of part of these proceeds to fund the Group's working capital requirements In reaching this conclusion the directors noted the support of the Group's lenders through the financial restructuring and the previous agreements with the lenders for disposal proceeds to support the Group's cash requirements

The directors of the Company have also been provided with a letter of financial support from Chez Gérard Restaurants Limited, the Parent, undertaking to provide such financial support as the company requires for its continued operations

On the basis of the cash flow projections, the directors consider that the group will be able to operate within its facilities, repayment terms and the covenants agreed The directors have therefore continued to adopt the going concern basis in preparing the financial statements of the company

Although the directors are satisfied that adopting the going concern basis is appropriate, the combination of circumstances around meeting the cash flow forecasts and operational performance improvements, achieving certain restaurant disposals and the continuing support of working capital requirements from lenders represent a material uncertainty that may cast a significant doubt upon the company's ability to continue as a going concern and to meet its liabilities as they fall due

The financial statements do not include any adjustments that would result if the going concern basis were not appropriate

PARAMOUNT LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE 79 WEEKS ENDED 2 JANUARY 2011

1. Accounting policies (continued)

Basis of accounting

These financial statements present information about the Company as an individual undertaking, and not about its Group, as the Company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006, as it is a subsidiary of Craftbutton Limited and is included in the consolidated accounts of that company

Investments

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

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

2. Administrative expenses

Administrative expenses include	2011 £'000	2009 £'000
Provision against the carrying value of investment in subsidiaries	5,192	-
Provisions against amounts due from group companies	3,594	-

3. Fixed asset investments

	Investment £'000
Cost	
At 28 June 2009	17,892
At 02 January 2011	17,892
Provision	
At 28 June 2009	-
Impairment charge in period	5,192
At 02 January 2011	5,192
Net book value	
At 02 January 2011	12,700
At 28 June 2009	17,892

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE 79 WEEKS ENDED 2 JANUARY 2011

3. Fixed asset investments (continued)

Carrying value of shares in subsidiary undertakings	£'000	£'000
At 28 June 2009 and 2 January 2011	12,700	17,892

The Company has investments in the following principal subsidiary undertakings

	Country of incorporation	Principal activity	Holding	%
Groupe Chez Gérard Limited	UK	Dormant	Ordinary Shares	100
Paramount Restaurants Limited	UK	Holding Company	Ordinary Shares	100
Real Inns Limited	UK	Dormant	Ordinary Shares	100

4. Creditors: amount falling due within one year

	2011 £'000	2009 £'000
Amount owed to group undertakings	2,805	2,621
Other taxation and social security costs	-	21
Accruals and deferred income	-	69
	2,805	2,711

5. Share capital

	2011 £'000	2009 £'000
Authorised		
135,000,000 Ordinary shares of 5p each	6,750	6,750
Allotted, issued and fully paid		
83,153,808 Ordinary shares of 5p each	4,158	4,158

PARAMOUNT LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE 79 WEEKS ENDED 2 JANUARY 2011

6. Reserves

	Share premium account £'000	Capital reserve £'000	Profit & loss account £'000
At 28 June 2009	8,033	3,446	3,053
Loss for period	-	-	(8,786)
At 2 January 2011	8,033	3,446	(5,733)

7. Ultimate parent company

At 2 January 2011, the Company was a subsidiary of Smile Restaurants Limited which was the ultimate parent company At the time of signing these financial statements, the Company's ultimate parent company is Chez Gérard Restaurants Limited

The largest and smallest group in which the results of the Company are consolidated is that headed by Craftbutton Limited The consolidated financial statements of this company are available to the public and may be obtained from Companies House No other group accounts include the results of this company

8. Post Balance Sheet Events

At 2nd January 2011 the Company's ultimate parent company was Smile Restaurants Limited and the group had secured bank indebtedness of approximately £64 million

On 22nd September 2011 the Smile Restaurants Limited group of companies completed a financial restructuring under which Craftbutton Limited , an intermediate holding company, became a borrower under the group's banking facilities and was subsequently acquired by a new holding company Chez Gérard Restaurants Limited Craftbutton Limited, the Company and its fellow subsidiaries were released from their guarantees of the former holding company and its group's bank indebtedness reducing their contingent liability by approximately £40 million

Following the restructuring, the Group banking facilities now comprise bank debt of £25m, revolving credit facility £1m and £1 4m overdraft facilities Interest on these loans is Libor plus one percent The loans are repayable on 31 March 2013