BLUBECKERS LIMITED

Report and Accounts

For the Eleven Months Ended 1 January 2006

COMPANY INFORMATION

Directors	Richard Brown Stephen Critoph Robert Morgan
Company Secretary	Robert Morgan
Company Number	1994330
Registered Office	5-7 Marshalsea Road Borough London SE1 1EP
Auditors	BDO Stoy Hayward LLP 8 Baker Street London W1U 3LL

CONTENTS

	Page
Directors' report	3-5
Independent auditors report	6
Profit and loss account	7
Statement of total recognised gains and losses	8
Note of historical cost profit and losses	8
Balance sheet	9
Notes to the financial statements	10-19

DIRECTORS' REPORT
FOR THE ELEVEN MONTHS ENDED 1 JANUARY 2006

The directors present their report and financial statements for the eleven months ended 1 January 2006.

Principal activities and review of the business
The principal activity of the company continued to be that of restaurateurs. In June 2005 the company was acquired by The Restaurant Group plc. In order to conform with The Restaurant Group plc's accounting timetable, the accounting reference date for the company has been amended to the nearest Sunday to 31 December each year (in the case of 2005, 1 January 2006). Consequently these financial statements are drawn up for the eleven months to 1 January 2006.

Results and dividends
The results for the year are set out on page 7.

The loss on ordinary activities after taxation is £6,000 (year to 31 January 2005: profit of £927,000).

The directors do not recommend the payment of a dividend.

Financial instruments
The Board of the company regularly reviews the financial requirements of the company within the context of its financing arrangements within the group of companies to which it belongs (The Restaurant Group plc). The company and group do not use complicated financial instruments, and within the group, financial instruments are used for reducing interest rate risk. The company's financing is arranged through intercompany transactions within the Group and the company does not have stand-alone financing arrangements. Due to the nature of the company's operational and financial structure the financial risks (including credit risk and exposures to fluctuations in currency and interest rates) are highly linked to that of group. The group operates a centralised cash pooling and payments system and the financial arrangements of the group are principally transacted through The Restaurant Group plc and a subsidiary of that company, namely City Centre Restaurants (UK) Limited.

Directors
The following directors have held office since 1 February 2005:

R Brown	
S Critoph	(Appointed 21 June 2005)
R Morgan	(Appointed 21 June 2005)
A Page	(Appointed 21 June 2005 and resigned 8 December 2005)
D P Duff	(Appointed 19 April 2005 and resigned 21 June 2005)
P J Cropley	(Resigned 19 April 2005)
P R Smith	(Resigned 15 May 2005)
A R Hancock	(Resigned 21 June 2005)
Sir M Wilkes	(Resigned 21 June 2005)
J K Brooks	(Resigned 30 September 2005)
L O'Connor	(Resigned 1 December 2005)

Directors' interests
The directors have no interest in the shares of the company.

Where relevant the directors' interests in the ultimate parent undertaking, The Restaurants Group plc are disclosed in that company's financial statements, which are available from the Company Secretary at 20 Irving Street, London WC2H 7AU.

Richard Brown had 56,546 shares under option under the LTIP scheme at 1 January 2006 (31 January 2005: nil).

Robert J. Morgan held the following shares and share options in The Restaurant Group plc:

	1 January 2006	*31 December 2004*
Robert J. Morgan		
Shares held in The Restaurant Group plc	5,000	-
Options @ 60.2p	-	50,244
Options @ 67.4p	100,487	100,487
Options @ 97.7p	100,000	100,000
Options @ 134.4p	50,000	-
Mirror Options @ 67.4p*	-	50,244
Options under SAYE scheme	9,533	7,196
LTIP share options	36,138	-

Employee involvement
The company's policy is to consult and discuss with employees, staff councils and at meetings, matters likely to affect employees' interest.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Disabled persons
The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Auditors
During the year HLB AV Audit PLC resigned as auditors and BDO Stoy Hayward LLP were appointed as auditors. BDO Stoy Hayward LLP have expressed their willingness to continue as auditors, and a resolution to reappoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

Creditor payment policy
The company's policy is to agree the terms of payment with its suppliers as and when a trading relationship is established. The company ensures that the terms of payment are clear and its policy is to abide by the agreed terms provided the supplier meets its obligations. The company's policy is to agree the terms of payment with its suppliers as and when a trading relationship is established. At 1 January 2006 the company had no trade creditors.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- Prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

Robert Morgan

Robert Morgan
Company Secretary
30 October 2006

Independent Auditor's Report to the Shareholders of Blubeckers Limited

We have audited the financial statements of Blubeckers Limited for the eleven months ended 1 January 2006 which comprise Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Note of Historical Cost Profits and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 judgements 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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 1 January 2006 and of its loss for the eleven months then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
London
30 October 2006

PROFIT AND LOSS ACCOUNT
FOR THE 11 MONTHS ENDED 1 JANUARY 2006

	Notes	Eleven months ended 1 January 2006 £000	Year ended 30 January 2005 £000
Turnover	2	16,483	15,911
Cost of sales		(10,056)	(10,283)
Gross profit		6,427	5,628
Administrative expenses		(4,465)	(4,093)
Operating profit	3	1,962	1,535
Exceptional items	4	(1,493)	-
Other interest receivable and similar income	5	-	1
Interest payable and similar charges	6	(71)	(256)
Profit on ordinary activities before taxation		398	1,280
Tax on profit on ordinary activities	7	(404)	(353)
(Loss)/ profit on ordinary activities after taxation	15	(6)	927

The profit and loss account has been prepared on the basis that all operations are continuing operations.
The notes on pages 10 to 19 form part of these financial statements.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE 11 MONTHS ENDED 1 JANUARY 2006

	Eleven months ended 1 January 2006 £000	Year ended 30 January 2005 £000
(Loss)/ profit for the financial year	(6)	927
Unrealised surplus on revaluation of properties	1,075	-
Total recognised gains and losses relating to the year	1,069	927

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	Eleven months ended 1 January 2006 £000	Year ended 30 January 2005 £000
Reported profit on ordinary activities before taxation	398	1,280
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	-	-
Historical cost profit on ordinary activities before taxation	398	1,280
Historical cost (loss)/ profit for the period after taxation	(6)	927

The notes on pages 10 to 19 form part of these financial statements.

BALANCE SHEET
AS AT 1 JANUARY 2006

	Notes	1 January 2006 £000	30 January 2005 £000
Fixed assets			
Tangible assets	**8**	19,721	20,080
Current assets			
Stocks	**9**	220	291
Debtors	**10**	186	303
Cash at bank and in hand		9	364
		415	958
Creditors: amounts falling due within one year	**11**	(4,320)	(4,352)
Net current liabilities		(3,905)	(3,394)
Total assets less current liabilities		15,816	16,686
Creditors: amounts failing due after more than one year	**12**	-	(1,996)
Provisions for liabilities and charges	**13**	(283)	(226)
		15,533	14,464
Capital and reserves			
Called up share capital	**14**	5	5
Share premium account	**15**	456	456
Revaluation reserve	**15**	10,684	9,609
Profit and loss account	**15**	4,388	4,394
Shareholder's funds – equity interests	**16**	15,533	14,464

The financial statements were approved by the board of directors and authorised for issue on 30 October 2006.

Stephen Critoph
Director
30 October 2006

The notes on pages 10 to 19 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE ELEVEN MONTHS ENDED 1 JANUARY 2006

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of value added tax and trade discounts.

1.3 Tangible fixed assets and depreciation

Freehold and leasehold land and buildings, landlords' fixtures and tenants' fixtures are stated at valuation, or subsequent cost, less depreciation. The basis of valuation is set out in note 8. All other fixed assets are stated at cost less depreciation.

Land

Freehold land is not depreciated.

Leasehold land, on which restaurants, pubs or housing is situated, is not depreciated unless the unexpired period of the lease is less than 50 years, in which case it is written off over such period.

Leasehold land, on which other property is situated, is not depreciated unless the unexpired period of the lease is less than 50 years, in which case it is written off over the shorter of the unexpired period of the lease or the expected useful life of the property thereon.

Buildings

Freehold buildings, restaurants, pubs and housing are depreciated over 50 years at a rate of 2%.

Leasehold buildings, restaurants, pubs or housing, are not depreciated unless the unexpired period of the lease is less than 50 years, in which case it is written off over such period.

Leasehold buildings, other properties, are not depreciated unless the unexpired period of the lease is less than 50 years, in which case it is written off over the shorter of the unexpired period of the lease or the expected useful life of the property thereon.

1. Accounting policies (continued)

1.3 Tangible fixed assets and depreciation (continued)

Other assets
Tenant's fixtures are depreciated over 8 years in a straight line basis, commencing in the financial year after the expenditure is incurred.

Landlords' fixtures are depreciated over 30 years on a straight line basis, commencing in the financial year after the expenditure is incurred.

Plant, vehicles and other equipment are depreciated over periods ranging from 3-30 years on a straight line basis, commencing in the financial year after the expenditure is incurred.

1.4 Leasing and hire purchase commitments.

Assets held under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

All other lease are regarded as operating leases and the payments made under them are charged to the profit an loss account on a straight line basis over the lease term.

1.5 Stock

Stock is valued at the lower of the cost and net realisable value.

1.6 Pensions

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year in accordance with SSAP 24.

1.7 Deferred taxation

Where material, deferred tax is provided in full, as required by FRS 19 – Deferred Tax, in respect of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is not discounted.

1.8 Grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

1.9 Revaluation

Surpluses arising from the professional valuations of properties are taken direct to revaluation reserve. Deficits are eliminated against any existing revaluation reserve in respect of that property with any excess, to the extent that it represents an impairment or where the valuation falls below the greater of historical cost or recoverable amount, being charged to the profit and loss account. Surpluses or deficits realised on the disposal of an asset are transferred from the revaluation reserve to the profit and loss account reserve.

1.10 Impairment

Any impairment of fixed assets, other than an impairment which represents a consumption of economic benefit, is eliminated against any revaluation reserve in respect of that asset with any excess being charged to the profit and loss account.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3. Operating Profit

	11 months ended 1 January 2006 £000	Year ended 31 January 2006 £000
Operating profit is stated after charging:		
Depreciation of tangible assets	694	690
Operating lease rentals	621	584
Auditors' remuneration	-	12

Auditors' remuneration for the 11 months ended 1 January 2006 has been borne by a fellow subsidiary of Blubeckers Limited, namely City Centre Restaurants (UK) Limited.

4. Exceptional items

	11 months ended 1 *January 2006* £000	Year ended 31 January *2006* £000
Exceptional items consists of the following items:		
Redundancy and restructuring costs	221	-
Impairment of working capital items	161	-
Impairment of fixed assets	1,111	-
	1,493	-

5. Investment income

	11 months ended 1 January 2006 £000	Year ended 31 January 2006 £000
Bank Interest	-	1

6. Interest payable

	11 months ended 1 January 2006 £000	Year ended 31 January 2006 £000
On bank loans and overdrafts	-	77
On other loans wholly repayable within five years	71	179
	71	256

7. *Taxation*

	11 months ended 1 January 2006 £000	Year ended 31 January 2006 £000
Domestic current period tax		
U.K. Corporation tax at 30% (2004: 30%)	384	357
Adjustment for prior years	(37)	(34)
Corporation tax charge	347	323
Deferred tax		
Deferred tax charge current period	57	30
	404	353

Factors affecting the tax charge for the period		
Profit on ordinary activities before taxation	398	1,280
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2004: 30%)	119	384
Effects of:		
Non deductible expenses	358	212
Capital allowances	(60)	(239)
Adjustments to previous periods	(37)	(34)
Other tax adjustments	(33)	-
	228	(61)
Corporation tax charge	347	323

8. Tangible fixed assets

	Land and buildings £000	Fixtures, fittings and other equipment £000	Total £000
Cost or valuation			
At 1 February 2005	17,399	3,522	20,921
Revaluation	1,075	-	1,075
Additions	151	565	716
Disposals	(265)	(80)	(345)
At 1 January 2006	18,360	4,007	22,367
Depreciation			
At 1 February 2005	329	512	841
Disposals	-	-	-
Impairment	-	1,111	1,111
Charge for the period	316	378	694
At 1 January 2006	645	2,001	2,646
Net book value			
At 1 January 2006	17,715	2,006	19,721
At 31 January 2005	17,070	3,010	20,080

	1 January 2006 £000	31 January 2005 £000
Net book value of land and buildings		
Freehold	12,215	11,154
Long leasehold	-	-
Short leasehold	5,500	5,916
	17,715	17,070

In May 2005 the freehold land and buildings of the company were revalued by independent professional advisers, based on market value for existing use. This resulted in an increase in the book value of the land and buildings by £1,075,000 which has been credited against the revaluation reserve. Had the freehold land and buildings not been subject to revaluations, the net book value of tangible fixed assets at 1 January 2006 would be £9,037,000 (31 January 2005: £10,471,000).

9. Stock

	1 January 2006 £000	31 January 2005 £000
Finished goods and goods for resale	220	291

10. Debtors

	1 January 2006 £000	31 January 2005 £000
Corporation tax	-	18
Other debtors	29	37
Prepayments and accrued income	157	248
	186	303

11. Creditors: amounts falling due within one year

	1 January 2006 £000	31 January 2005 £000
Bank loans and overdrafts	-	73
Trade creditors	-	572
Amounts owed to group undertakings	3,599	2,899
Corporation tax	307	-
Other taxes and social security costs	-	492
Other creditors	-	55
Accruals and deferred income	414	261
	4,320	4,352

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

	1 January 2006 £000	31 January 2005 £000
Amount owed to group undertakings	-	1,996
	-	1,996
Analysis of loans		
Wholly repayable within five years	-	2,722
Included in current liabilities	-	(726)
	-	1,996
Loan maturity analysis		
In more than one year but not more than two years	-	726
In more than two years but not more than five years	-	1,996

13. Provisions for liabilities and charges

	Deferred tax liability £000
Balance at 1 February 2005	226
Profit and loss account	57
Balance at 1 January 2006	283

The deferred tax liability is made up as follows:

	1 January 2006 £000	31 January 2005 £000
Accelerated capital allowances	283	226
	283	226

14. Share capital

	1 January 2006 £	31 January 2005 £
Authorised		
10,000 Ordinary Shares of £1 each	10,000	10,000
Allotted, called up and fully paid		
5,219 Ordinary Shares of £1 each	5,219	5,219

15. Statement of movements on reserves

	Share premium account £000	Revaluation reserve £000	Profit and loss account £000
Balance at 1 February 2005	456	9,609	4,394
Revaluation of properties during the period	-	1,075	-
Loss for the period	-	-	(6)
Balance at 1 January 2006	456	10,684	4,388

16. Reconciliation of movements in shareholders' funds

	1 January 2006 £000	31 January 2005 £000
(Loss)/ profit for the financial period	(6)	927
Other recognised gains and losses	1,075	-
Net increase in shareholders' funds	1,069	927
Opening shareholders' funds	14,464	13,537
Closing shareholders' funds	15,533	14,464

17. Contingent liabilities

The company has given a cross guarantee to City Centre Restaurants (UK) Limited, a fellow subsidiary of The Restaurant Group plc, for borrowings held by that company. At 1 January 2006, the borrowings held by City Centre Restaurants (UK) Limited under this guarantee amounted to £11,000,000.

18. Financial commitments

At 1 January 2006 the company was committed to making the following payments under non-cancellable operating leases in respect of land and buildings:

	1 January 2006 £000	31 January 2005 £000
Operating leases which expire:		
Within one year	42	226
Between two and five years	-	-
In over five years	501	757
	543	983

19. Capital commitments

	1 January 2006 £000	31 January 2005 £000
At 1 January 2006 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements	-	66

20. Directors' emoluments

	1 January 2006 £000	31 January 2005 £000
Emoluments for qualifying services	282	238
Company pension contributions to money purchase schemes	18	4
	300	242

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	131	114
Company pension contributions to money purchase schemes	10	10

Emoluments are in respect of R Brown, L O'Conner and K Brooks. The other directors are not remunerated by Blubeckers Limited in respect of their services to the company.

21. Employees

The average number of employees (including directors) during the year was 348 (2004: 545).

Employment Costs	1 January 2006 £000	31 January 2005 £000
Wages and salaries	5,062	5,670
Social security costs	338	335
Other pension costs	16	20
Redundancy costs	221	-
	5,637	6,025

22. Control

On 21 June 2005 the control of the Company changed following the acquisition of 100% of the share capital by The Restaurant Group plc (registered number SC030343, a company registered in Scotland). Ultimate control of the Company is held by The Restaurant Group plc, which is the smallest and largest group in which the accounts of Blubeckers Limited are consolidated. Prior to 21 June 2005 the Company was controlled by C.I. Traders Limited, a company incorporated in Jersey.

23. Related party transactions

The company has taken advantage of the exemption as a 100% subsidiary of The Restaurant Group plc from disclosing related party transactions and balances with other members of The Restaurant Group plc group.