

COMPANY NUMBER: 4836870



LUMINAR DANCING FINANCE
(formerly Luminar Dancing Finance Limited)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

2 MARCH 2006

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LUMINAR DANCING FINANCE (formerly Luminar Dancing Finance Limited)

DIRECTORS, OFFICERS AND ADVISORS

Company Registration Number 4836870

Registered Office Luminar House
Deltic Avenue
Rooksley
Milton Keynes
Buckinghamshire
MK13 8LW

Directors S Thomas
A Marks

Secretary D Morris

Solicitors CMS Cameron McKenna
Mitre House
160 Aldersgate Street
London
EC1A 4DD

Auditors PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6NN

LUMINAR DANCING FINANCE (formerly Luminar Dancing Finance Limited)**DIRECTORS' REPORT FOR THE YEAR ENDED 2 MARCH 2006**

The Directors present their report and the audited financial statements of the Company for the year ended 2 March 2006.

Principal activities

The Company is principally engaged in intra-group financing activities and acts as an intermediate group holding company.

Review of the business and future developments

The Company receives returns from providing intra-group finance to other Luminar group companies, and acts as a holding company for investments in Luminar group companies.

On 10 June 2005, the Company disposed of its investment in its wholly owned subsidiary Candu Entertainment Limited. Prior to the disposal of the Company's shareholding in Candu Entertainment Limited, to facilitate the sale the Company participated in an intra-group debt re-organisation. Following this re-organisation, the Company released £14.6m of the debt owed by Candu Entertainment Limited, and this has been recognised as an exceptional charge.

Cash consideration of £22.6m was received in respect of the disposal, together with deferred contingent consideration of £3.2m recorded pending assignment of properties transferred with Candu Entertainment Limited. A profit of £3.9m was realised on disposal of the Company's investment, and this has been recognised as an exceptional charge.

On 10 October 2006 the Company was re-registered and incorporated as unlimited, under the name of Luminar Dancing Finance.

Results and dividends

The results for the year are set out in the profit and loss account on page 5. The Directors do not propose a dividend for the year (2005: £nil).

Directors and their interests

The Directors in office during the year are listed below:

S Thomas

A Marks

H Willits (resigned 3 November 2006)

G Brown (resigned 1 July 2005)

Company Secretary

D Morris

The interests of S Thomas who was also a Director of Luminar plc during the year ended 2 March 2006 are disclosed in the financial statements of Luminar plc for the year ended 2 March 2006. Luminar plc is the ultimate parent undertaking.

The interests of A Marks, H Willits and G Brown are disclosed on the following page.

LUMINAR DANCING FINANCE (formerly Luminar Dancing Finance Limited)

DIRECTORS' REPORT FOR THE YEAR ENDED 2 MARCH 2006 (CONTINUED)

Directors and their interests (continued)

Share options

Luminar plc 1999 Company Share Option Plan

	At 28 February 2005 No.	Granted during year No.	Exercised during year No.	Forfeited during year No.	At 2 March 2006 No.	Exercise price	Date from which exercisable	Expiry date
A Marks	4,155	-	-	-	4,155	451.30p	22.07.06	21.07.13
	-	2,146	-	-	2,146	524.00p	25.07.08	24.07.15
H Willits	-	5,725	-	-	5,725	524.00p	25.07.08	24.07.15
G Brown	3,355	-	-	(3,355)	-	894.00p	09.07.04	08.07.11

Luminar plc 1996 Executive Share Option Scheme

	At 28 February 2005 No.	Granted during year No.	Exercised during year No.	Forfeited during year No.	At 2 March 2006 No.	Exercise price	Date from which exercisable	Expiry Date
A Marks	-	15,630	-	-	15,630	524.00p	25.07.08	24.07.15
H Willits	21,455	-	-	-	21,455	466.00p	18.06.06	17.06.13
	28,571	-	-	-	28,571	420.00p	14.07.07	13.07.14
	-	35,782	-	-	35,782	524.00p	25.07.08	24.07.15
G Brown	1,200	-	-	(1,200)	-	685.00p	21.08.03	20.08.10
	4,139	-	-	(4,139)	-	894.00p	09.07.04	08.07.11
	17,900	-	-	(17,900)	-	419.00p	09.12.05	08.12.12
	23,809	-	-	(23,809)	-	420.00p	14.07.07	13.07.14

Payment policy

The Company has no trade creditors. Intercompany creditors are settled according to the nature of the balance.

LUMINAR DANCING FINANCE (formerly Luminar Dancing Finance Limited)**DIRECTORS' REPORT FOR THE YEAR ENDED 2 MARCH 2006 (CONTINUED)**

Statement of Directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The Directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

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 the financial statements comply with the Companies Act 1985. 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.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed to the Annual General Meeting.

By order of the Board



D Morris
Secretary

20 December 2006

LUMINAR DANCING FINANCE (formerly Luminar Dancing Finance Limited)**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LUMINAR DANCING FINANCE**

We have audited the financial statements of Luminar Dancing Finance for the year ended 2 March 2006 which comprise the Profit and Loss Account, the Balance Sheet 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). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

Basis of audit opinion

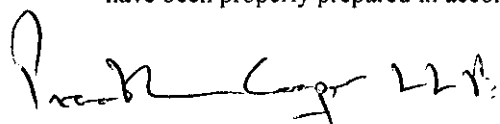
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 2 March 2006 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

20 DECEMBER 2006

LUMINAR DANCING FINANCE (formerly Luminar Dancing Finance Limited)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 2 MARCH 2006

Continuing operations	Note			Year ended 2 March 2006	Year ended 27 February 2005
		Pre-exceptional items £m	Exceptional items £m	Total £m	Total £m
Turnover		-	-	-	-
Administrative expenses	3	-	(9.7)	(9.7)	(1.5)
Operating loss		-	(9.7)	(9.7)	(1.5)
Profit on disposal of investment	3	-	3.9	3.9	-
Income from investments	6	0.7	-	0.7	1.1
Interest receivable	4	0.1	-	0.1	-
Interest payable and similar charges	3,7	(11.3)	(14.6)	(25.9)	(6.9)
Loss on ordinary activities before taxation		(10.5)	(20.4)	(30.9)	(7.3)
Tax on loss on ordinary activities	8	-	-	-	-
Loss for the financial year		(10.5)	(20.4)	(30.9)	(7.3)

There are no material differences between the loss on ordinary activities before taxation and the loss for the years stated above and their historical cost equivalents.

LUMINAR DANCING FINANCE (formerly Luminar Dancing Finance Limited)**BALANCE SHEET AT 2 MARCH 2006**

	Note	2 March 2006 £m	27 February 2005 £m
Fixed assets			
Investments	9	317.5	327.4
Current assets			
Debtors	10	32.4	1.3
Creditors: amounts falling due within one year	11	(260.5)	(208.4)
Net current liabilities		<u>(228.1)</u>	<u>(207.1)</u>
Net assets		<u>89.4</u>	<u>120.3</u>
Capital and reserves			
Equity share capital	12	119.0	119.0
Profit and loss reserve	13	(29.6)	1.3
Total equity shareholders' funds	14	<u>89.4</u>	<u>120.3</u>

The financial statements on pages 5 to 13 were approved by the Board of Directors on 20 December 2006 and were signed on its behalf by:



A Marks
Director

LUMINAR DANCING FINANCE (formerly Luminar Dancing Finance Limited)**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 MARCH 2006**

1 Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Going concern

At 2 March 2006 the Company has a deficiency of current liabilities over current assets of £228.1m. The accounts have been prepared on a going concern basis as if the Company were called upon to settle this deficiency this settlement would be met through realisation of investment values.

Group accounts

In accordance with the Companies Act 1985, as a wholly owned subsidiary of a company incorporated in the European Union, the Company is exempt from the preparation of group accounts.

Cash flow statement and related party disclosures

The Company is a wholly owned subsidiary of Luminar plc and is included in the consolidated financial statements of Luminar plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (Revised 1996). The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of Luminar plc.

Investments

Investments are stated at cost, less provision for impairment.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Full provision is made for timing differences and deferred taxation. Deferred taxation 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 that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates and laws that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities recognised have not been discounted.

2 Loss on ordinary activities before tax

The auditors' remuneration for the current and prior years was borne by the ultimate parent company.

LUMINAR DANCING FINANCE (formerly Luminar Dancing Finance Limited)**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 MARCH 2006 (CONTINUED)****3 Exceptional items**

The Company incurred the following exceptional items before taxation:

	Year ended 2 March 2006 £m	Year ended 27 February 2005 £m
Profit on disposal of investment	(3.9)	-
Write-off inter-company loan receivable	14.6	-
Impairment of investment in subsidiary undertaking	9.7	-
Costs associated with disposals	-	1.5
	<u>20.4</u>	<u>1.5</u>

On 10 June 2005 the Company realised a profit of £3.9m on the disposal of its investment in its wholly owned subsidiary, Candu Entertainment Limited. Total consideration received totalled £26.8m, represented by cash consideration of £22.6m, deferred contingent consideration recognised on satisfaction of these contingencies of £3.2m, with additional deferred contingent consideration not yet accrued within the financial statements of £1.0m. Of the total consideration, £21.7m extinguished inter-company receivables existing as of the closing date of the transition, and costs of £0.3m incurred above the level of previously provided amounts were charged during the year. The profit on sale was increased by £0.3m in relation to the recognition of the tax debtor recoverable in relation to Candu Entertainment Limited, in accordance with the sale agreement.

Prior to the disposal of the Company's investment in Candu Entertainment Limited, the Company participated in an intra-group debt re-organisation, as a result of which it was assigned net inter-company receivables due from Candu Entertainment Limited. Following this re-organisation, the Company partially released Candu Entertainment Limited from its obligations prior to the disposal of the Company's investment in Candu Entertainment Limited, and as a result an exceptional charge of £14.6m due to irrecoverability of the released obligation has been recorded.

At the year end the Company's investment in Luminar North (formerly Luminar North Limited) was written down by £9.7m to its net assets value.

Costs of £1.5m were charged in the year to 27 February 2005 in respect of a provision for costs associated with the disposal of the Company's investments. During the year to 2 March 2006, £1.0m has been utilised in respect of the disposal of Candu Entertainment Limited.

4 Interest receivable

	Year ended 2 March 2006 £m	Year ended 27 February 2005 £m
Interest receivable	0.1	-
	<u>0.1</u>	<u>-</u>

5 Directors' emoluments and employee information

For the years ended 2 March 2006 and 27 February 2005 there were no staff costs.

There is no headcount to disclose, as the Company had no employees.

None of the Directors received any remuneration for their services to the Company (2005: £nil).

LUMINAR DANCING FINANCE (formerly Luminar Dancing Finance Limited)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 MARCH 2006 (CONTINUED)

6 Income from investments

	Year ended 2 March 2006 £m	Year ended 27 February 2005 £m
Preference dividends receivable	0.7	1.1
	<u>0.7</u>	<u>1.1</u>

7 Interest payable and similar charges

	Year ended 2 March 2006 £m	Year ended 27 February 2005 £m
Write-off intra-group loan receivable (note 3)	14.6	-
Interest payable on intra-group loans	11.3	6.9
	<u>25.9</u>	<u>6.9</u>

8 Tax on loss on ordinary activities**(a) Analysis of charge in year**

There was no tax charge for the year.

(b) Tax on loss on ordinary activities**Factors affecting tax charge for year**

The tax assessed for the year is different to the standard rate of corporation tax in the UK. The differences are explained as follows:

	Year ended 2 March 2006 £m	Year ended 27 February 2005 £m
Loss on ordinary activities before tax	(30.9)	(7.3)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(9.3)	(2.2)
Effects of:		
UK dividends receivable	(0.2)	(0.3)
Expenses not deductible for tax purposes	-	0.4
Non-deductible exceptional items	6.1	
Group relief surrendered for nil consideration	3.4	2.1
Current tax charge for the year	-	-

LUMINAR DANCING FINANCE (formerly Luminar Dancing Finance Limited)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 MARCH 2006 (CONTINUED)

9 Investments

	Shares in group undertakings £m	Irredeemable preference shares £m	Total £m
At 27 February 2005	319.0	8.4	327.4
Disposals	(0.1)	(0.1)	(0.2)
Provision for impairment	(9.7)	-	(9.7)
At 2 March 2006	309.2	8.3	317.5

On 10 June 2005 the Company realised a profit of £3.9m on the disposal of its investments in its wholly owned subsidiary, Candu Entertainment Limited.

At the year end the Company's investment in Luminar North (formerly Luminar North Limited) was written down by £9.7m to its net assets value.

The irredeemable preference shares do not carry any voting rights. Details of the companies from which irredeemable preference shares were gifted are set out in the table below.

Company Name	Class of share capital	Issued share capital	Proportion held	Market Value	Nature of business
Luminar North (formerly Luminar North Limited)	Preference £0.01 shares	£41,080	100%	£4,021,694	Licensed premises
Luminar Midlands and West (formerly Luminar Midlands and West Limited)	Preference £0.01 shares	£32,089	100%	£3,211,957	Licensed premises
Luminar Dancing Scotland (formerly Luminar Dancing Scotland Limited)	Preference £0.01 shares	£10,752	100%	£1,052,658	Licensed premises

The Company's principal subsidiary undertakings and other group investments at the year end are listed below in the table together with details of their businesses.

LUMINAR DANCING FINANCE (formerly Luminar Dancing Finance Limited)**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 MARCH 2006 (CONTINUED)****9 Investments (continued)**

Company Name	Country of incorporation	Class of share capital	Proportion held	Nature of Business
Luminar Dancing Scotland (formerly Luminar Dancing Scotland Limited)	England & Wales	Ordinary	100%	Licensed premises
Luminar No 1 (formerly Luminar No 1 Limited)	England & Wales	Ordinary	100%	Investment holding
Luminar Midlands and West (formerly Luminar Midlands and West Limited)	England & Wales	Ordinary	100%	Licensed premises
Luminar North (formerly Luminar North Limited)	England & Wales	Ordinary	100%	Licensed premises
Luminar South and East (formerly Luminar South and East Limited)	England & Wales	Ordinary	100%	Licensed premises
Luminar Leisure Limited	England & Wales	Ordinary	100%	Group service provider and licensed premises

10 Debtors

	2 March 2006 £m	27 February 2005 £m
Amounts owed by group undertakings	31.1	1.3
Corporation tax debtor	0.3	-
Other debtors	1.0	-
	32.4	1.3

On 10 October 2006, the Company waived its intercompany debtor balance with Luminar No 1 Limited.

LUMINAR DANCING FINANCE (formerly Luminar Dancing Finance Limited)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 MARCH 2006 (CONTINUED)

11 Creditors: amounts falling due within one year

	2 March 2006 £m	27 February 2005 £m
Amounts due to group undertakings	260.0	206.9
Accruals	0.5	1.5
	<hr/>	<hr/>
	260.5	208.4
	<hr/>	<hr/>

Included within amounts due to group undertakings is £219.2m in respect of a loan note payable to Luminar plc, principal amount £200.0m, which is repayable on demand. Interest is payable at LIBOR plus 0.9%.

12 Called up share capital

	2 March 2006 Number	£	27 February 2005 Number	£
Authorised				
Voting ordinary shares of £1 each	120,000,000	120,000,000	120,000,000	120,000,000
	<hr/>	<hr/>	<hr/>	<hr/>
Allotted, called up, issued and fully paid				
Voting ordinary shares of £1 each	119,000,108	119,000,108	119,000,108	119,000,108
	<hr/>	<hr/>	<hr/>	<hr/>

13 Reserves

	Profit and loss reserve £m
At 27 February 2005	1.3
Loss for the year	(30.9)
	<hr/>
At 2 March 2006	(29.6)
	<hr/>
Distributable reserves deficit	(38.0)
Non-distributable reserves	8.4
	<hr/>
	(29.6)
	<hr/>

LUMINAR DANCING FINANCE (formerly Luminar Dancing Finance Limited)**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 MARCH 2006 (CONTINUED)****14 Reconciliation of movements in shareholders' funds**

	2 March 2006 £m	27 February 2005 £m
Loss for the year	(30.9)	(7.3)
New share capital subscribed	-	119.0
	<hr/>	<hr/>
Net (decrease) / increase in shareholders' funds	(30.9)	111.7
Opening shareholders' funds	120.3	8.6
	<hr/>	<hr/>
Closing shareholders' funds	89.4	120.3
	<hr/>	<hr/>

15 Contingent liabilities

At the year end, the Company has guaranteed the borrowings of Luminar South and East (formerly Luminar South and East Limited), principal amount £193.1m, payable to Luminar Entertainment Finance (formerly Luminar Entertainment Finance Limited) on 23 July 2034.

16 Financial commitments

At 2 March 2006 the Company had no annual commitments under non-cancellable operating leases.

17 Ultimate parent undertaking

The immediate and ultimate parent undertaking is Luminar plc a company incorporated in the United Kingdom, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Luminar plc financial statements can be obtained from the Company Secretary at Luminar House, Deltic Avenue, Rooksley, Milton Keynes, Buckinghamshire, MK13 8LW.