Company Registration Number 5100810

NOUVEAUSTAR LIMITED

Report and Financial Statements

30 September 2006

NOUVEAUSTAR LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

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NOUVEAUSTAR LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J W Clark (Non-Executive Chairman)
M R Cannon
G Grant
P F W Large
C J Mitchell

SECRETARY

C J Mitchell

REGISTERED OFFICE

3 Temple Quay
Temple Back East
Bristol
BS1 6DZ

SOLICITORS

Bond Pearce LLP
3 Temple Quay
Temple Back East
Bristol
BS1 6DZ

AUDITORS

Deloitte & Touche LLP
Bristol

DIRECTORS' REPORT

The directors present their report and the audited consolidated financial statements for the period from 2 October 2005 to 30 September 2006.

PRINCIPAL ACTIVITY

The principal activity of the company is that of a holding company and the principal activities of the group are the operation of public houses and the wholesaling of alcoholic and non-alcoholic drinks.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors are pleased with the continuing progress that has been made in the financial and operational turnaround of Eldridge Pope, acquired by the group in October 2004. The group operating profit in the year was £4,201,000 (£2005: £3,383,000) after depreciation of £5,243,000 (2005: £4,868,000) an improvement in operating profit before depreciation of £1,193,000. Results are set out further in the profit and loss account. The net cash flow inflow from operating activities in the year has increased by £4,989,000 from £4,048,000 to £9,037,000.

The investment programme within Eldridge Pope, which has seen in excess of £18 million invested in the company's pub estate, was largely completed by the year end and the directors are confident that the coming year will see further improvements in profitability.

The continuing process of repositioning the managed estate to ensure that all pubs provide an appropriate food offer has seen year on year food sales increase by 27.0% in the core estate and by 61.7% in the bars estate. Food sales have been the major component of the year on year sales growth, and at September 2006 represented 26.6% of total managed estate sales compared to 18.6% in September 2004. The Directors believe that this repositioning of the estate, allied to continued development of the company's food offer, will ensure that the estate is well placed to maximise the opportunities that arise from the smoking ban that comes into force in July 2007.

A total of 36 investments in the managed estate and 12 investments in the tenanted estate were completed in the year, giving a total of 87 managed investments and 25 tenanted investments in the two years post acquisition. It is anticipated that a further four managed investments and six tenanted investments will be completed during the 2007 financial year.

Outlook

The current year will see a significant reduction in the level of capital expenditure allied to continued focus on maximising the returns from the investment undertaken in the two years post acquisition. The financial year has started very strongly, with sales growth running ahead of the September 2006 year end levels in the managed estate, and very considerable barrelage growth in the tenanted estate.

The implementation of the smoking ban in July 2007 will provide challenges for many operators. The Directors, however, are confident in the success of the re-positioning of the estate that has been undertaken and believe that both shareholders and employees can look forward to the coming year with optimism.

Financial risk management objectives and policies

The group's activities expose it to a number of financial risks including cash flow risk and credit risk.

Cash flow risk

The group's activities expose it primarily to the financial risks of changes in interest rates. The group uses interest rate swap contracts to hedge an appropriate percentage of these exposures which is subject to review and approval by the Board.

Interest bearing assets and liabilities are held at a fixed rate to ensure certainty of cash flows.

DIRECTORS' REPORT (continued)

Credit risk

The group's principal financial assets are bank balances and cash, trade and other receivables.

The group's credit risk is primarily attributable to its trade receivables. The amount presented in the balance sheet is net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

DIVIDENDS

The directors do not recommend a dividend on ordinary shares (2005: nil).

DIRECTORS AND THEIR INTERESTS

The present membership of the Board is set out on page 1. Messr's Grant and Large were appointed directors of the company on 11 January 2007. The directors' interests in the shares of the company are as follows:

	30 September 2006	**1 October 2005**
M R Cannon	61	61

The directors' interests in EP Investments 2004 plc, a subsidiary undertaking, are disclosed within the accounts of that company. No director had any other interest in the shares of the company or any other group company.

AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte & Touche LLP have expressed a willingness to remain in office as the company's auditor. A resolution to reappoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

Roger Grant

G Grant
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group 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; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group 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 group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

NOUVEAUSTAR LIMITED

We have audited the financial statements of Nouveaustar Limited for the period from 2 October 2005 to 30 September 2006 which comprise the consolidated profit and loss account, the statement of total recognised gains and losses, the combined reconciliation of movements in shareholders' funds and statement of movements on reserves, the balance sheets, the consolidated cash flow statement and the related notes 1 to 27. 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 auditors' 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 Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 other information contained in the Annual Report as described in the contents section, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

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 circumstances of the company and the group, 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 group and the company's affairs as at 30 September 2006 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the directors' report is consistent with the financial statements.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
Chartered Accountants and Registered Auditors
Bristol, United Kingdom

24 January 2007

NOUVEAUSTAR LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the fifty two weeks ended 30 September 2006

	Note	52 weeks ended 30 September 2006 £'000	52 weeks ended 1 October 2005 £'000
TURNOVER – continuing operations	3	78,683	76,073
OPERATING PROFIT – continuing operations	5	4,200	3,383
Exceptional profit on sale of fixed assets in continuing operations		4,407	683
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST	6	8,607	4,066
Other interest receivable and similar income – bank interest		139	150
Interest payable and similar charges	7	(6,295)	(6,267)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		2,451	(2,051)
Tax credit/(charge) on profit/(loss) on ordinary activities	8	363	(398)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		2,814	(2,449)
Minority interests		(619)	1,554
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		2,195	(895)

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the fifty two weeks ended 30 September 2006

	52 weeks ended 30 September 2006 £'000	52 weeks ended 1 October 2005 £'000
Profit / (loss) for the financial year	2,195	(895)
Actuarial gain / (loss) relating to the pension scheme	891	(1,237)
UK deferred tax attributable to actuarial gain / (loss)	(267)	372
Total recognised gains and losses relating to the year	2,819	(1,760)

COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES
For the fifty two weeks ended 30 September 2006

The Group	Issued share capital £'000	Other reserve £'000	Profit and loss account £'000	Total 2006 £'000	52 weeks ended 1 October 2005 £'000
Balance at 2 October 2005					
- as previously stated	-	302	17,347	17,649	19,409
Prior year adjustment (note 26)	-	(302)	302	-	-
Balance at 2 October 2005					
- as restated	-	-	17,649	17,649	19,409
Retained profit / (loss) for the year	-	-	2,195	2,195	(895)
Actuarial profit / (loss) (net of deferred tax) recognised on the pension scheme	-	-	624	624	(865)
Balance at end of period	-	-	20,468	20,468	17,649

The Company	£'000	£'000	£'000	£'000	£'000
Balance at beginning of period	-	-	8,520	8,520	-
Profit for the financial period	-	-	-	-	8,520
Balance at end of period	-	-	8,520	8,520	8,520

NOUVEAUSTAR LIMITED

CONSOLIDATED BALANCE SHEET
At 30 September 2006

	Note	30 September 2006 £'000	30 September 2006 £'000	1 October 2005 (restated note 26) £'000	1 October 2005 (restated note 26) £'000
FIXED ASSETS					
Intangible assets:					
Goodwill	10		292		433
Negative goodwill	10		(666)		(1,067)
			(374)		(634)
Tangible assets	11		107,788		112,234
			107,414		111,600
CURRENT ASSETS					
Stocks: finished goods and goods for resale		2,752		2,765	
Debtors	13	5,471		5,340	
Cash at bank and in hand		4,169		3,552	
		12,392		11,657	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(18,841)		(18,333)	
NET CURRENT LIABILITIES			(6,449)		(6,676)
TOTAL ASSETS LESS CURRENT LIABILITIES			100,965		104,924
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15		(68,868)		(74,683)
PROVISIONS FOR LIABILITIES AND CHARGES	19		(2,570)		(3,111)
NET PENSION LIABILITIES	24		(9,480)		(10,521)
MINORITY INTERESTS					
Equity minority interests			421		1,040
TOTAL NET ASSETS			20,468		17,649
CAPITAL AND RESERVES					
Called up share capital	20		-		-
Profit and loss account			20,468		17,347
TOTAL SHAREHOLDERS' FUNDS			20,468		17,347

These financial statements were approved by the Board of Directors on 23 January 2007

Signed on behalf of the Board of Directors

G Grant
Director

NOUVEAUSTAR LIMITED

COMPANY BALANCE SHEET
At 30 September 2006

	Note	30 September 2006 £'000	1 October 2005 £'000
FIXED ASSETS			
Investments	12	8,520	8,520
TOTAL NET ASSETS		8,520	8,520
CAPITAL AND RESERVES			
Called up share capital	20	-	-
Profit and loss account		8,520	8,520
TOTAL SHAREHOLDERS' FUNDS		8,520	8,520

These financial statements were approved by the Board of Directors on 23 January 2007

Signed on behalf of the Board of Directors

G Grant
Director

NOUVEAUSTAR LIMITED

CONSOLIDATED CASH FLOW STATEMENT
For the fifty two weeks ended 30 September 2006

	Note	2006 £'000	2005 £'000
Net cash inflow from operating activities	21	9,037	4,048
Returns on investments and servicing of finance	22	(5,750)	(4,069)
Taxation		467	47
Capital expenditure and financial investment	22	3,743	(5,349)
Acquisitions and disposals	22	-	(23,464)
Cash inflow / (outflow) before management of liquid resources and financing		7,497	(28,787)
Financing	22	(7,933)	30,500
(Decrease) / increase in cash in the period		(436)	1,713

Reconciliation of net cash flow to movement in net funds (Note 23)

	£'000	£'000
(Decrease)/increase in cash in the year	(436)	1,713
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	7,933	(30,500)
Change in net funds resulting from cash flows	7,497	(28,787)
Loan and finance leases acquired	-	(40,328)
Issue of loan notes	-	(4,260)
Amortisation of issue costs	(529)	(529)
Net (deficit)/funds at beginning of period	(73,706)	198
Net deficit at end of period	(66,738)	(73,706)

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 October 2005 to 30 September 2006

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted by the directors which, except for the adoption of FRS 25, the impact of which is described in note 26, have been consistently applied throughout the current and preceding financial year are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Merger accounting

On 12 August 2004, Nouveaustar Limited acquired the shares of SDA Limited. This was as a result of a group reconstruction in accordance with FRS 6 'Merger Accounting' and the Companies Act 1985. Nouveaustar Limited and SDA Limited have been accounted for through the use of merger accounting.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings drawn up to 30 September 2006, together with the group's share of the net assets and the results of associated undertakings. In accordance with the exemption allowed by Section 230 of the Companies Act 1985, the company does not present its own profit and loss account. Details of the company profit or loss for the financial period are included in note 9.

Acquisitions

On the acquisition of a business fair values are attributed to the company's share of net separable assets. Where the cost of acquisition differs from the fair values attributable to such net assets, the difference is treated as purchased goodwill and is capitalised in the balance sheet in the year of acquisition.

The results and cash flows relating to a business are included in the consolidated profit and loss account and the consolidated cash flow statement from the date of the acquisition or up to the date of disposal.

Goodwill and intangible fixed assets

Purchased goodwill is capitalised in the year in which it arises and amortised over its useful economic life up to a maximum of 50 years. The directors regard 50 years as a reasonable maximum for the estimated useful life of goodwill since it is directly attributable to land and buildings which are depreciated over a similar period.

Negative goodwill arising on acquisition of subsidiary undertakings, representing any deficit of the fair value of the consideration given to the fair value of the identifiable assets and liabilities acquired, is capitalised and credited to the profit and loss account on a straight-line basis over the periods in which the acquired non-monetary assets are recovered through depreciation or sale.

1. **ACCOUNTING POLICIES (continued)**

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated so as to write off the cost of a fixed asset on a straight line basis over its estimated useful life, taking account of expected residual values, using the following rates:

Freehold buildings	50 years
Leasehold land and buildings	Lower of length of lease or 50 years
Plant, vehicles, fittings and equipment	At rates from 10% to 33% per annum

Stocks

Stocks are stated at the lower of cost and net realisable value.

Investments

Investments held as fixed assets are stated at cost less provision for impairment.

Taxation

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

In accordance with FRS 19, deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pensions

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past services costs are recognised immediately, the costs are recognised over the period if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond on equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 October 2005 to 30 September 2006

1. ACCOUNTING POLICIES *(continued)*

Pensions (continued)

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Derivative instruments

The group uses interest rate swaps to adjust interest rate exposures.

The group considers its derivative instruments qualify for hedge accounting when certain criteria are met.

The group's criteria for interest swaps are:

- the instrument must be related to an asset or a liability; and
- it must change the character of the interest rate by converting a variable rate to a fixed rate or vice versa.

Interest differentials are recognised by accruing with net interest payable. Interest rate swaps are not revalued to fair value or shown on the group balance sheet at the year end.

Finance costs

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Leases

Assets obtained under finance leases and related lease obligations are recorded in the balance sheet at the fair value of the leases assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Provisions

Provisions are accounted for in accordance with FRS 12.

NOTES TO THE FINANCIAL STATEMENTS
For the period from 2 October 2005 to 30 September 2006

2. ACQUISITIONS

On 15 October 2004 the group acquired the entire issued share capital of Eldridge, Pope & Co., plc for a consideration (including acquisition expenses) of £43,687,000. In accordance with FRS 7 the directors have revised the fair values of the assets and liabilities acquired.

The following table explains the adjustments made to the fair values of the major categories of assets acquired, as disclosed in the prior year, to arrive at the fair values included in the financial statements at the date of acquisition.

The most significant element of the fair value adjustments is the additional provision for an onerous lease.

	Provisional fair value to the group £'000	Revaluation £'000	£'000
Tangible fixed assets	102,242	-	102,242
Stock	965	(23)	942
Debtors	4,386	-	4,386
Cash	1,154	-	1,154
Trade and other creditors	(10,640)	(373)	(11,013)
Loans	(40,328)	-	(40,328)
Deferred tax	(3,216)	-	(3,216)
Net pension liability	(9,787)	-	(9,787)
	44,776	(396)	44,380
Goodwill			(693)
			43,687

Consideration	**£'000**
Shares issued by subsidiary	4,441
Loan notes	4,261
Cash	24,618
Cost of existing investment transferred from fixed assets	10,367
	43,687

NOTES TO THE FINANCIAL STATEMENTS
For the period from 2 October 2005 to 30 September 2006

3. TURNOVER

Turnover represents the value of goods sold and services provided stated net of value added tax. All sales are made in the United Kingdom in respect of the group's principal activities.

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	52 weeks ended 30 September 2006	52 weeks ended 1 October 2005
Directors' emoluments:	**£'000**	**£'000**
Fees	21	20
Remuneration	142	144
Pension	-	11
	163	175
Staff costs, including directors, incurred during the year:	**£'000**	**£'000**
Wages and salaries	17,815	17,069
Wages and salaries - exceptional	-	936
Social security costs	1,351	1,306
Social security costs - exceptional	-	99
Pension costs	237	239
	19,403	19,649
Average number of persons employed in the year:	**No.**	**No.**
Management and administration	48	53
Pub operations, distribution and sales	1,535	1,573
	1,583	1,626

NOTES TO THE FINANCIAL STATEMENTS
For the period from 2 October 2005 to 30 September 2006

5. ANALYSIS OF OPERATING PROFIT

	52 weeks ended 30 September 2006 £'000	52 weeks ended 1 October 2005 £'000
Turnover	78,683	76,073
Cost of sales	(61,345)	(58,823)
Gross profit	17,338	17,250
Administrative expenses:		
- before exceptional items	(10,533)	(10,326)
- exceptional items	-	(1,277)
Administrative expenses total	(10,533)	(11,603)
Distribution costs	(2,605)	(2,266)
Other operating income	-	2
Operating profit	4,200	3,383

Cost of sales includes all pub operating costs.

Exceptional costs of £1,277,000 incurred in the prior year relate to reorganisation and redundancy costs incurred in Eldridge, Pope & Co., Limited following its acquisition by the group. The tax effect of these exceptional items is to reduce the tax charge by £383,000.

6. PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST

Profit on ordinary activities before interest is stated after charging/(crediting):	52 weeks ended 30 September 2006 £'000	52 weeks ended 1 October 2005 £'000
Depreciation:		
- owned assets	4,643	4,283
- leased assets	600	585
Goodwill amortisation	(3)	(11)
Rentals under operating leases:		
- hire of plant and machinery	510	474
- other operating leases	4,727	4,566
Auditors' remuneration:		
- audit fees	73	67
- other services	33	10

The company audit fee is £3,000 (2005: £3,000).

During 2005 additional fees of nil (2005: £147,000) were paid to the auditors in respect of transaction related services, these costs have been capitalised within the cost of investments.

7. INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks ended 30 September 2006 £'000	52 weeks ended 1 October 2005 £'000
Debenture stock	1,144	1,144
Irredeemable loan stock	11	18
Loan notes	130	157
Bank loans and overdrafts	4,149	4,029
Finance charges - finance leases and hire purchase contracts	1	1
Other loans	119	124
FRS 17 interest costs	403	492
Cumulative preference dividend on non-equity shares of subsidiary	338	302
	5,957	5,965

8. TAX (CHARGE)/CREDIT ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The standard rate of current tax for the period, based on the UK standard rate of corporation tax is 30% (2005: 30%). The current tax charge for the period differs from 30% for the reasons set out in the following reconciliation:

	52 weeks ended 30 September 2006 £'000	52 weeks ended 1 October 2005 £'000
Profit/(loss) on ordinary activities before tax	2,451	(1,749)
	£'000	**£'000**
Tax on profit/(loss) on ordinary activities at standard rate	735	(525)
Factors affecting the charge:		
- disallowable expenses	242	737
- capital allowances for period in excess of depreciation	(193)	53
- non-qualifying profit on disposal	(1,070)	(217)
- other short-term timing differences	(184)	14
- tax losses generated	-	133
- chargeable gain	646	252
- utilisation of tax losses	(176)	-
UK corporation tax charge for the year	-	447
Deferred tax		
Timing differences, origination and reversal:		
- current year	38	(92)
- deferred tax in relation to pension liability	179	56
- prior years	(579)	990
Adjustment in respect of prior years	-	(1,003)
Tax on (credit)/charge profit/(loss) on ordinary activities	(362)	398

NOTES TO THE FINANCIAL STATEMENTS
For the period from 2 October 2005 to 30 September 2006

9. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit for the financial period amounted to £nil (2005: £8,520,000).

10. INTANGIBLE FIXED ASSETS

	Negative goodwill £'000	Goodwill £'000
Cost		
At 2 October 2005	(1,089)	475
Adjustment with respect to fair values (note 2)	396	-
Disposals	-	(133)
At 30 September 2006	(693)	342
Accumulated amortisation		
At 2 October 2005	(22)	42
Adjustment with respect to fair values (note 2)	6	-
Charge for the period	(11)	8
At 30 September 2006	(27)	50
Net book value		
At 30 September 2006	*(666)*	292
At 1 October 2005	(1,067)	433

NOTES TO THE FINANCIAL STATEMENTS
For the period from 2 October 2005 to 30 September 2006

11. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Plant, vehicles, fittings and equipment £'000	Total £'000
Cost			
At 2 October 2005	98,169	20,864	119,033
Additions	3,854	5,356	9,210
Disposals	(7,875)	(1,692)	(9,567)
At 1 October 2006	94,148	24,528	118,676
Accumulated depreciation			
At 2 October 2005	983	5,816	6,799
Charge for the period	1,052	4,191	5,243
Disposals	(224)	(930)	(1,154)
At 1 October 2006	1,811	9,077	10,888
Net book value			
At 1 October 2006	92,337	15,451	107,788
At 1 October 2005	97,186	15,048	112,234

The net book value of land and buildings comprises:	2006 £'000	2005 £'000
Freehold	76,206	78,494
Long leaseholds	2,269	4,395
Short leaseholds	13,862	14,297
	92,337	97,186

The net book value of the group's plant and machinery includes £nil (2005: £nil) in respect of assets held under finance leases and hire purchase contracts.

NOTES TO THE FINANCIAL STATEMENTS
For the period from 2 October 2005 to 30 September 2006

12. INVESTMENTS

The Company	Investment in subsidiary £'000	Total £'000
Cost and net book value		
At 1 October 2005 and 30 September 2006	8,520	8,520

Investments with an interest of 20% or more:

	Country of incorporation	Shareholding
*QP Bars Limited	United Kingdom	100.0%
*Fairdeed Limited	United Kingdom	100.0%
SDA Limited	United Kingdom	100.0%
*EP Investments 2004 plc	United Kingdom	64.4%
*Eldridge, Pope & Co., Limited	United Kingdom	64.4%

The principal activity of QP Bars Limited and Eldridge, Pope & Co., Limited is the operation of public houses, of Fairdeed Limited is the wholesaling of alcoholic and soft drinks to the licensed trade, and of SDA Limited and EP Investments 2004 plc is that of holding companies.

* These subsidiaries are directly owned by or by subsidiaries of SDA Limited.

13. DEBTORS

	2006 £'000	2005 £'000
Trade debtors	2,125	2,212
Prepayments and accrued income	2,558	2,231
Other debtors	788	663
Corporation tax	-	234
	5,471	5,340

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

The Group	2006 £'000	2005 £'000
Bank loans and overdrafts	6,606	6,790
Obligations under finance leases and hire purchase contracts (note 18)	-	14
Trade creditors	4,682	4,181
Taxation and social security	2,398	2,072
Other creditors	973	1,114
Accruals and deferred income	4,182	4,162
	18,841	18,333

NOTES TO THE FINANCIAL STATEMENTS
For the period from 2 October 2005 to 30 September 2006

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

The Group	**2006 £'000**	**2005 £'000**
Debenture loans and loan notes	18,108	18,804
Bank loans	37,074	41,031
Other loans	8,969	10,469
Irredeemable unsecured loan stock	150	150
Minority interest in the 'B' 8% preference shares of a subsidiary undertaking	3,927	3,927
Dividend on the Minority interest in the preference shares of a subsidiary undertaking	640	302
	68,868	74,683

Other loans includes a loan to SDA Limited advanced by Mr M Cannon, a director of Nouveaustar Limited. In the year ended 30 September 2006 repayments of £1,500,000 were made to leave a balance outstanding at 30 September 2005 of £8,969,000. This amount is repayable after more than one year.

16. BORROWINGS

The Group	**2006 £'000**	**2005 £'000**
Debenture stock 2022 7.625%	15,000	15,000
Guaranteed unsecured loan notes	3,108	3,804
Bank loans	42,607	48,330
Other loans	8,969	10,469
7½% irredeemable unsecured loan stock	150	150
	69,834	77,753
Less financing costs carried forward	(1,587)	(2,116)
Amounts owed under finance lease obligations	-	14
	68,247	75,651

	£'000	**£'000**
Due within one year	3,946	5,197
Due after more than one year	64,301	70,454
	68,247	75,651

The guaranteed unsecured loan notes are redeemable at the stockholders' request but are supported by a facility with Bank of Scotland and are therefore disclosed as due after one year.

Payment of the principal and interest on the debenture is secured by a floating charge over the whole of the subsidiary undertaking Eldridge, Pope & Co., Limited.

Bank loans and overdrafts are secured by fixed and floating charges over the whole of the undertaking. The bank loan is repayable in 2009 and bears interest LIBOR plus 2%.

The group has entered into an interest rate swap contract. The net fair value of this contract at 30 September 2006 was £67,329.

NOTES TO THE FINANCIAL STATEMENTS
For the period from 2 October 2005 to 30 September 2006

17. MATURITY PROFILE OF FINANCIAL LIABILITIES

The Group	Bank loans £'000	Debentures and loan stock £'000	Other loans £'000	Total £'000
Within one year or less	3,946	-	-	3,946
Between one and two years	3,946	-	-	3,946
Between two and five years	34,715	3,108	-	37,823
After five years	-	15,150	8,969	24,119
Gross financial liabilities	42,607	18,258	8,969	69,834

18. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The Group	2006 £'000	2005 £'000
Gross obligations due within one year	-	14

Obligations under finance leases and hire purchase contracts are secured by the related leased assets.

NOTES TO THE FINANCIAL STATEMENTS
For the period from 2 October 2005 to 30 September 2006

19. PROVISIONS FOR LIABILITIES AND CHARGES

The Group	**Provided 2006 £'000**	**Provided 2005 £'000**
Accelerated capital allowances	2,608	3,140
Short-term timing differences	(38)	(29)
Total	2,570	3,111

Deferred tax	**£'000**	**£'000**
At 1 October 2005	3,111	-
Acquired with subsidiary	-	3,216
Arising during the year	(541)	(105)
At 1 October 2006	2,570	3,111

Deferred tax has not been provided in respect of gains realised that have been rolled over into the acquisition cost of replacement assets. This tax will become payable if the replacement assets are sold and further rollover relief is not obtained. The estimated amount of tax that would become payable in these circumstances £6.8m (2005: £7.2m).

Deferred tax has not been provided on revaluations of fixed assets. This tax will only become payable if the assets are sold and rollover relief is not obtained. The estimated amount of tax that would become payable in these circumstances is £6m (2005: £6.4m).

Deferred tax has not been provided in respect of gains realised that are expected to be rolled over into the acquisition cost of replacement assets. This tax will become payable if the suitable replacement assets are not acquired within 36 months of disposal or if those replacement assets are sold and further rollover relief is not obtained.The estimated amount of tax that would become payable in these circumstances is £400,000 (2005: £400,000).

A deferred tax asset has not been recognised in respect of timing differences relating to revenue losses, management expenses and fixed asset timing differences as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £661,000 (2005: £947,000). The asset would be recovered. The asset would be recovered if sufficient profits were made in future periods.

A deferred tax asset has not been recognised in respect of timing differences relating to capital losses as there is insufficient evidence that the asset will be recovered within one year. The amount of the asset not recognised, subject to the notes above, is £2.4m (2005: £3.6m). The asset would be recovered against future chargeable gains where rollover is unavailable.

NOTES TO THE FINANCIAL STATEMENTS
For the period from 2 October 2005 to 30 September 2006

20. CALLED UP SHARE CAPITAL

	2006 £'000	2005 £'000
Authorised		
10,000,000 £1 Ordinary shares	10,000	10,000

	£'000	£'000
Allotted and fully paid		
61 £1 Ordinary shares	-	-

21. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2006 £'000	2005 £'000
Operating profit	4,201	3,383
Depreciation	5,243	4,868
Amortisation	(3)	(11)
(Decrease) / increase in pension liability	(1,041)	734
Actuarial gain /(loss) on pension scheme net of tax	624	(865)
Decrease / (increase) in stocks	13	(593)
(Increase) / decrease in debtors	(365)	15,303
Increase / (decrease) in creditors	365	(18,771)
Net cash inflow from operating activities	9,037	4,048

NOTES TO THE FINANCIAL STATEMENTS
For the period from 2 October 2005 to 30 September 2006

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2006	2005
Returns on investments and servicing of finance	**£'000**	**£'000**
Interest and other investment income received	139	150
Interest paid	(5,889)	(4,219)
	(5,750)	(4,069)

Capital expenditure and financial investment	**£'000**	**£'000**
Payments to acquire tangible fixed assets	(9,210)	(9,399)
Receipts from sales of fixed assets	12,953	4,050
	3,743	(5,349)

Acquisitions and disposals	**£'000**	**£'000**
Purchase of subsidiary undertaking	-	(24,618)
Net cash acquired with subsidiary	-	1,154
	-	(23,464)

Financing	**£'000**	**£'000**
New borrowings	6,196	59,021
Repayment of borrowings	(13,419)	(27,866)
Repayment of loan stock	(696)	(607)
Capital element of finance lease rental payments	(14)	(48)
	(7,933)	30,500

NOTES TO THE FINANCIAL STATEMENTS
For the period from 2 October 2005 to 30 September 2006

23. ANALYSIS OF NET DEBT

	At 1 October 2005 £'000	Cash flows £'000	Non-cash flows £'000	At 30 September 2006 £'000
Cash at bank and in hand	3,552	617	-	4,169
Overdraft	(1,607)	(1,053)	-	(2,660)
	1,945	(436)	-	1,509
Debt due after one year	(70,454)	2,736	3,417	(64,301)
Debt due within one year	(5,183)	5,183	(3,946)	(3,946)
Finance leases	(14)	14	-	-
	(75,651)	7,933	(529)	(68,247)
Net debt	(73,706)	7,497	(529)	(66,738)

Other than a reclassification of amounts due after one year to within one year, non-cash flows include the amortisation of £529,000 of debt raising costs.

24. COMMITMENTS

(a) *Operating lease commitments*

At 30 September 2006 the group was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings £	Other £
Leases which expire:		
- within one year	54	126
- within two to five years	253	76
- after five years	4,252	-
	4,559	202

24. COMMITMENTS (continued)

(b) Pension commitments

Since the acquisition of Eldridge, Pope & Co., Limited during the current period the group operates the following pension arrangements:

- *The Eldridge, Pope & Co., plc Pension Scheme ("The Eldridge, Pope Scheme"), a defined benefit occupational pension scheme; and*
- A defined contribution arrangement for employees joining Eldridge, Pope after 31 March 2000.

Employer contributions to the defined benefit scheme during the year were 10.5% of basic salaries plus an additional £69,067 per month from October 2005 to December 2005 increasing to £100,000 per month from January 2006 to September 2006. The total employer contributions during the financial year were £1,176,000 (2005: £877,000).

The company also operates a defined contribution arrangement for employees joining the company after 31 March 2000. During the year, contributions of £60,000 (2005: £43,000) were expensed through the profit and loss account and included in the pension charge shown below. The company operated several approved and unapproved arrangements for board level executives, £44,000 (2005: £26,000) was expensed through the profit and loss account and included in the pension charge shown below to allow for these entitlements.

A full actuarial valuation for FRS 17 purposes was carried out at 31 March 2005 and updated to 30 September 2006 by an independent actuary using the Projected Unit Method. The Scheme was closed to new entrants with effect from 1 April 2000 and as such the average age of its membership and therefore the current service cost under FRS 17 is expected to increase over its remaining life.

	2006	**2005**	**2004**
The major assumptions used by the actuary were:			
Inflation	2.80%	2.65%	2.90%
Salary escalation	3.30%	3.65%	3.90%
Earnings limit escalation	2.80%	2.65%	2.90%
Pension escalation (pensions in payment and deferred pensions):			
Service prior to 6 April 1996	5.00%	5.00%	5.00%
Service after 5 April 1996	2.70%	2.55%	2.80%
Discount rate	5.20%	5.10%	5.60%

NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 October 2005 to 30 September 2006

24. COMMITMENTS (continued)

(b) Pension commitments (continued)

The value of the assets of the scheme, together with the expected rates of return at the beginning and end of the accounting period were as follows:

	Long-term rate of return expected at 30 September 2006 %	Value at 30 September 2006 £'000	Long-term rate of return expected at 1 October 2005 %	Value at 1 October 2005 £'000	Long-term rate of return expected at 2 October 2004 %	Value at 2 October 2004 £'000
Equities	8.0	11,002	8.0	14,799	8.5	12,045
Government bonds	4.5	12,971	4.5	9,603	5.0	8,252
Corporate bonds	4.9	10,651	4.9	8,202	5.5	8,564
Cash and other	4.5	183	4.5	641	4.5	806
Total	5.7	34,807	6.2	33,245	6.5	29,667

Reconciliation of balance sheet	**2006 £'000**	**2005 £'000**	**2004 £'000**
Total market value of assets	34,807	33,245	29,667
Present value of scheme liabilities	(48,350)	(48,275)	(43,649)
Actuarial deficit	(13,543)	(15,030)	(13,982)
Related deferred tax	4,063	4,509	4,195
FRS 17 defined benefit liability	(9,480)	(10,521)	(9,787)

Movement in the scheme deficit during the year	**2006 £'000**	**2005 £'000**
At beginning of the year	15,030	13,982
Current service cost	177	196
Contributions	(1,176)	(877)
Other finance income	403	492
Actuarial (gain) / loss	(891)	1,237
At end of the year	13,543	15,030

NOTES TO THE FINANCIAL STATEMENTS
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24. COMMITMENTS (continued)

(b) Pension commitments (continued)

The amount that has been charged to operating profit under FRS 17 in drawing up the profit and loss account is:	2006 £'000	2005 £'000
Current service cost	177	196

The amount debited to other finance costs in accordance with FRS 17 is:	£'000	£'000
Expected return on pension scheme assets	2,001	1,896
Interest on pension scheme liabilities	(2,404)	(2,388)
	(403)	(492)

The following shows the amount recognised in a statement of total recognised gains and losses:	£'000	£'000
Actual return less expected return on pension scheme assets	777	3,032
Experience gains and losses arising on the scheme liabilities	(135)	(1,298)
Changes in assumptions underlying the present value of the scheme liabilities	249	(2,971)
Actuarial gains/(losses)	891	(1,237)
As a percentage of the present value of the scheme liabilities	2%	3%

History of experience gains and losses	**2006**	**2005**	**2004**
Difference between the expected and actual return on scheme assets:			
Amount (£'000)	777	3,032	218
Percentage of scheme assets	2.2%	9.1%	0.7%
Experience gains and losses on scheme liabilities:			
Amount (£'000)	(135)	(1,298)	502
Percentage of the present value of scheme liabilities	0.8%	2.7%	1.2%
Changes in assumptions underlying the present value of the scheme liabilities:			
Amount (£'000)	249	(2,971)	(1,413)
As a percentage of the present value of scheme liabilities	0.0%	6.2%	3.2%
Total actuarial gain in the statement of total recognised gains and losses:			
Amount (£'000)	891	(1,237)	(693)
As a percentage of the present value of the scheme liabilities	1.8%	2.6%	1.6%

24. COMMITMENTS (continued)

(b) Pension commitments (continued)

In calculating the FRS 17 figures, the scheme's actuary has used the membership data as at 31 March 2005, the scheme's most recent year end, and they have projected this forward to the reporting date 30 September 2006.

The defined benefit scheme has been closed to new members. Under the projected unit method the current service cost will increase as the members of the scheme approach retirement. However, the number of active members of the scheme will at the same time be reducing with a corresponding reduction in overall costs of contribution by the group.

The group also operates a defined contribution pension scheme for certain of its employees in accordance with their service contracts. Contributions are charged to the profit and loss account as they fall due and the assets are held separately from those of the group in an independently administered fund. The contributions charged to the profit and loss account during the year are £60,000 (2005: £43,000). At the year end £7,597 was due to the pension company (2005: £7,012).

25. RELATED PARTY TRANSACTIONS

Where possible, the company has taken advantage of the exemption under FRS 8 not to disclose transactions with other group companies. Other related party transactions are as follows:

Related party	Sales to related party £'000	Purchases from related party £'000	Amounts owed by/(to) related party £'000	Recharge of admin to related party £'000
At 30 September 2006				
Eldridge, Pope & Co., Limited Pension Scheme	-	-	13	206
JC & RH Palmer Limited	629	2	-	-
Eldridge, Pope & Co., Limited	504	7,141	(696)	-
At 1 October 2005				
Eldridge, Pope & Co., Limited Pension Scheme	-	-	16	183
JC & RH Palmer Limited	1,600	2	-	-
Eldridge, Pope & Co., Limited	95	1,349	446	-

JC & RH Palmer Limited is a company partly owned by A J C Palmer. Apart from the pension scheme, all of the other above companies are subsidiaries of the Nouveaustar Limited group.

26. PRIOR YEAR ADJUSTMENTS

Following the adoption of FRS 25 a prior year adjustment has been recorded in respect of the dividends accrued on preference shares issued by a subsidiary undertaking. This is summarised as follows:

FRS 25 'Financial instruments: Presentation and disclosure'

Balance sheet	**£'000**	**£'000**
Remove other reserve (reclassify as liability)	(640)	(302)
Remove non-equity minority interest (reclassify as liability)	(3,927)	(3,927)

There is no impact on the profit for either financial period.

27. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mr M Cannon, the sole shareholder.