Registered No: 05936498

Rome PIK Holdco Limited

Report and Financial Statements

31 May 2007

Registered No: 05936498

Directors
G W Ford
B J Price

Secretary
B J Price

Auditors
Ernst & Young LLP
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SE1 2AF

Bankers
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WC2N 6DX

Registered office
3 Neal Street
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Directors' report

The directors present their report and financial statements for Rome PIK Holdco Limited ("the company") for the period ended 31 May 2007.

Principal activities

Rome PIK Holdco Limited is an intermediate holding company which owns Rome Pikco Limited.

Rome PIK Holdco Limited was incorporated on 15 September 2006 as Hackremco (no. 2425) Limited. On 4 December 2006, the company changed its name to Rome PIK Holdco Limited.

The company is one of a group of companies set up to facilitate the acquisition by Saratoga Limited of Caffe Nero Group Limited.

Results and dividends

The company made a profit before taxation of £1.3m.

No dividend is proposed.

Directors

The directors who served during the period were:

Hackwood Directors Ltd (appointed 15 September 2006, resigned 4 December 2006)
G W Ford (appointed 4 December 2006)
B J Price (appointed 4 December 2006)

Statement of disclosure of information to auditors

The directors who were members of the Board at the time of approving the directors' report are listed above. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

a) to the best of each director's knowledge and belief, there is no relevant audit information of which the company's auditors are unaware; and

b) each director has taken all the steps a director might reasonably be expected to have taken to be aware of the relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with sections 379A and 386 of the Companies Act 1985, the company has elected to dispense with the obligation under section 384 of the Companies Act 1985 to appoint auditors annually. Ernst & Young LLP will continue in office until further notice.

By order of the board

B J Price
Secretary 1/12/08

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with International Financial standards as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the company and of its profit and loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- state that the company has complied with IFRSs, subject to any material departures disclosed and explained in 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.

Independent auditors' report

to the members of Rome PIK Holdco Limited

We have audited the financial statements of Rome PIK Holdco Limited for the period ended 31 May 2007 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Shareholders' Equity, the Statement of Cash Flows and the related notes 1 to 10. 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 financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 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 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.

Independent auditors' report

to the members of Rome PIK Holdco Limited

(continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 May 2007 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
London

17 December 2008

Income statement

For the period ended 31 May 2007

	Notes	*2007*
		£000
Finance income	2	8,204
Finance expense	3	(6,895)
Profit before taxation		1,309
Tax on profit on ordinary activities	4	-
Profit attributable to equity holders of the company		1,309

Balance sheet
at 31 May 2007

	Notes	2007 £000
Non-current assets		
Investments	5	100,474
Current assets		
Amounts due from subsidiary undertakings		8,204
Total assets		108,678
Non-current liabilities		
Financial liabilities	6	(105,345)
Total liabilities		(105,345)
Net assets		3,333
Equity		
Called up share capital	8	-
Share premium account		2,024
Retained earnings		1,309
Shareholders' equity		3,333

The financial statements were approved by the board of directors and signed on its behalf by:

G WFord
Director

B J Price
Director

1/11/07

Statement of changes in shareholders' equity

for the period ended 31 May 2007

	Share capital £000	*Share premium account £000*	*Retained earnings £000*	*Total £000*
On incorporation	-	-	-	-
Shares issued	-	2,024	-	2,024
Profit for the period	-	-	1,309	1,309
At 31 May 2007	-	2,024	1,309	3,333

Statement of cash flows

for the period ended 31 May 2007

The company's transactions have been funded by another group company through movements on intercompany accounts and the company does not have a bank account. Accordingly, the company had no cash flows during the period.

Notes to the financial statements

at 31 May 2007

1. Accounting policies

Authorisation of financial statements and statement of compliance with IFRSs

The company financial statements for the period ended 31 May 2007 were authorised for issue by the board of the directors on 28 November 2008 and the balance sheet was signed on the board's behalf by G Ford and B Price. Rome PIK Holdco Limited is a private limited company incorporated and domiciled in England and Wales.

The company financial statements have been prepared in accordance with International Financial Reporting Standards as they apply to the financial statements for the period ended 31 May 2007 applied in accordance with the provisions of the Companies Act 1985. The financial statements are also consistent with International Financial Reporting Standards as issued by the IASB.

These financial statements have been prepared for the individual company only. The company has taken advantage of the exemption available under s228 of the Companies Act 1985 not to prepare group financial statements.

Basis of preparation

The company was incorporated on 15 September 2006. This is the company's first set of financial statements and covers the period from incorporation to 31 May 2007.

The financial statements have been prepared on a going concern basis as the company's parent undertaking, Rome Topco Unlimited, has confirmed to the directors that it will not seek repayment of its outstanding loans until such time as the company is able to meet these liabilities.

The company financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except as otherwise indicated.

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates.

Investments

Non-current asset investments are stated at cost less provision for impairment. The carrying value of fixed asset investments is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Interest bearing loans and overdrafts

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs, when the company becomes party to the related contracts. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance expense.

Notes to the financial statements

at 31 May 2007

1. Accounting policies (continued)

Financial assets

Financial assets are recognised when the company becomes party to the contracts that give rise to them and are classified as financial assets at fair value through profit or loss; loans and receivables; held to maturity investments; or as available for sale financial assets, as appropriate. The company determines the classification of its financial assets at initial recognition and re-evaluates this designation at each financial year end. When financial assets are recognised initially, they are measured at fair value, being the transaction price, plus in the case of financial assets not a fair value through the profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, being the date that the company commits to purchase or sell the asset. Regular way transactions require delivery of assets within the timeframe generally established by regulation or convention in the market place. The subsequent measurement of financial assets depends on their classification, as follows:

Held to maturity investments

Non derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the company has the positive intention and ability to hold to maturity. Held to maturity investments are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process. Investments intended to be held for an undefined period are not included in the income statement.

Loans and receivables

Loans and receivables are non –derivative financial assets that are designated as such. After initial recognition, available for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Impairment of financial assets

The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets carried at cost

If there is objective evidence that no impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Current tax

Current tax is the amount of income tax payable on the taxable profit for the period. Current tax assets and liabilities for the current and prior periods are measured at the amounts expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Notes to the financial statements

at 31 May 2007

1. Accounting policies (continued)

Deferred tax

Deferred tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts with the exception of:

- Taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

- Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax balances are not discounted.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

Capital instruments

Ordinary shares are classified as equity instruments. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in equity.

Derecognition of financial assets and liabilties

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Notes to the financial statements

at 31 May 2007

1. Accounting policies (continued)

New standards and interpretations not applied

The IASB and IFRIC have issued the following standards and interpretations with an effective date after the date of these financial statements:

International Accounting Standards (IAS/IFRSs)		*Effective Date Accounting periods beginning on or after*
IFRS 2	Amendment – Share-based Payment: Vesting Conditions and Cancellations	1 January 2009
IFRS 3	Amendment – Business Combinations	1 July 2009
IFRS 7	Financial Instruments: Disclosures	1 January 2007
IFRS 8	Operating segments	1 January 2009
IAS 1	Amendment – Presentation of Financial Statements: Capital Disclosure	1 January 2007
IAS 1	Amendment – Presentation of Financial Statements: A Revised Presentation	1 January 2009
IAS 23	Borrowing Costs	1 January 2009
IAS 27	Amendment – Consolidated and Separate Financial Statements	1 July 2009
IAS 32	Amendment – Financial Instruments: Presentation	1 January 2007

International Financial Reporting Interpretations Committee (IFRIC)		*Accounting periods beginning on or after*
IFRIC 13	Customer Loyalty Programmes	1 July 2008

The directors do not believe that application of the above standards will have a material impact on the company's financial statements in the period of initial application.

Upon adoption of IFRS 7, the company will have to disclose additional information about its financial instruments, their significance and the nature and extent of risks that they give rise to. More specifically the company will need to disclose the fair value of its financial instruments and its risk exposure in greater detail.

2. Finance income

	2007 *£000*
Interest on loan to subsidiary undertaking	8,204

3. Finance expense

	2007 *£000*
Interest on loan from parent undertaking	6,895

Notes to the financial statements

at 31 May 2007

4. Tax

(a) Tax on profit on ordinary activities

There is no tax charge for the period ending 31 May 2007.

	2007
	£000
Profit on ordinary activities before tax	1,309
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	393
Group relief received for nil payment	(393)
Total current tax	-

5. Non current asset investments

	Loans to subsidiary undertakings	*Shares in subsidiary undertakings*	*Total*
	£000	*£000*	*£000*
Cost:			
At 15 September 2006	-	-	-
Shares in subsidiary undertaking	-	2,024	2,024
Loan to subsidiary undertaking	98,450	-	98,450
At 31 May 2007	98,450	2,024	100,474

In the opinion of the directors, the aggregate value of the investment in subsidiary undertakings is not less than the amount at which it is stated in the balance sheet.

On 25 January 2007, the company acquired the entire share capital of Rome Pikco Limited, which is the holding company of Rome Bidco Limited, which during the period acquired the entire issued equity share capital of Caffe Nero Group Limited, which operates Italian style coffee bars.

The loan to the company's subsidiary undertaking is repayable on demand, together with all interest accrued on it. Interest accrues on the outstanding principal amount of debt and any unpaid interest at a rate agreed by the lender and borrower. Interest is payable on such day or days as may be agreed by the lender and borrower.

6. Financial liabilities

	Current	*Non-current*	*Total 2007*
	£000	*£000*	*£000*
Interest bearing loans and borrowings:			
Loan from parent undertaking	-	98,450	98,450
Rolled up interest due to parent undertaking	-	6,895	6,895
Total	-	105,345	105,345

Notes to the financial statements

at 31 May 2007

6. Financial liabilities (continued)

The loan from the company's parent undertaking is repayable in January 2107, unless an earlier repayment date is agreed between the two parties. Interest is payable at 25.125% per annum in the first year, 23.125% per annum in the second year, 20.125% per annum in the third year and 19.125% per annum thereafter.

The loan is carried at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

7. Financial instruments

The company's principal financial instruments comprise its loan from its parent undertaking and amounts due from subsidiary undertakings, the main purpose of which are to raise and provide finance for the company's operations and acquisitions. It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from company's financial instruments are interest rate risk and liquidity risk; there is no currency risk as all financial instruments are held in sterling. The Board reviews and agrees policies for managing each of these risks and these policies are summarised below.

Liquidity risk

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of intercompany loans and facilities.

The loan from the company's parent undertaking is repayable in January 2107, unless an earlier repayment date is agreed between the two parties. However, Rome Topco Unlimited, the company's parent, has confirmed to the directors that it will not seek repayment of these loans until such time as the company is able to meet these liabilities.

Interest on the loan from the company's parent is payable at 25% per annum in the first year, 23% per annum in the second year, 20% per annum in the third year and 19% per annum thereafter. Interest payable has been accounted for using the effective interest rate method. £6.9m of interest has accrued since the loan was made.

Interest rate risk profile of financial assets and liabilities

The interest rate profile of the financial assets and liabilities of the company at the period end denominated in sterling were as follows:

	Within 1 year	*1-2 years*	*2-3 years*	*3-4 years*	*4-5 years*	*More than 5 years*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Fixed rate							
Loan from parent undertaking	-	-	-	-	-	(98,450)	(98,450)
Rolled up interest on loan from parent undertaking	-	-	-	-	-	(6,895)	(6,895)
Loan to subsidiary undertaking	98,450	-	-	-	-	-	98,450
Rolled up interest on loan to subsidiary undertaking	8,204	-	-	-	-	-	8,204

Notes to the financial statements

at 31 May 2007

7. Financial instruments (continued)

Fair values of financial assets and liabilities

The book values of financial liabilities of the company are set out below. The directors consider that there were no material differences between the book values and fair values of all the company financial assets and liabilities at each year end.

	2007
	£000
Cash at bank and in hand	-
Loan from parent undertaking, including rolled up interest	(105,345)
Loan to subsidiary undertaking, including rolled up interest	106,654

8. Share capital

		£1 ordinary shares
	number	*£*
Authorised:	100	100
Allotted, called up and fully paid:		
At 15 September 2006	-	-
Issued during the period	51	51
At 31 May 2007	51	51

The company has one class of shares with equal voting rights. Consideration received on the issue of shares was £2,024,000 split £51 as share capital and £2,023,949 as share premium.

9. Related party transactions

The following transactions took place between the company and related parties during the period:

- On 31 January 2007, Rome Topco Unlimited lent the company £98.4m to assist in financing the acquisition of Caffe Nero Group by the company's subsidiary. Interest is payable at 25.125% per annum in the first year, 23.125% per annum in the second year, 20.125% per annum in the third year and 19.125% per annum thereafter. Interest payable has been accounted for using the effective interest rate method. £6.9m of interest has accrued since the loan was made. The loans from the company's parent undertaking are repayable in January 2107, unless an earlier repayment date is agreed between the two parties.

- On 31 January 2007, the company lent Rome Pikco Limited £98.4m to assist in financing the acquisition of Caffe Nero Group. The loan to the company's subsidiary undertaking is repayable on demand by the lender, together with all interest accrued on it. Interest accrues on the outstanding principal amount of debt at a rate agreed by the lender and borrower. Interest is payable on such day or days as may be agreed by the lender and borrower.

Notes to the financial statements

at 31 May 2007

10. Ultimate parent undertaking

At the period end, the company's ultimate parent undertaking and controlling party was Saratoga Limited, a company incorporated in the Isle of Man. The company's immediate parent undertaking was Rome Topco Unlimited.

Rome Holdco Sarl is the parent undertaking of the smallest and largest group of which the company is a member and for which group financial statements are prepared. Copies of the group financial statements for Rome Holdco Sarl will be available from Rome Holdco Sarl at 46A Avenue JF Kennedy, L-1855 Luxembourg.