TRAGUS GROUP LIMITED

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the 5 months and 20 days ended 27 May 2007

Registered number 06022528

CONTENTS

COMPANY INFORMATION

DIRECTORS:	J Baratta B Jacobs M Frass-Ehrfeld R de Botton G Turner M Mansigani J M Parsons G Thorley
SECRETARY	B Jacobs
AUDITORS:	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
BANKERS.	Barclays Bank PLC 1 Churchill Place London E14 5HP
SOLICITORS	Ashurst Broadwalk House 5 Appold Street London EC2A 2AH
REGISTERED OFFICE:	1st Floor 163 Eversholt Street London NW1 1BU
REGISTERED NUMBER:	06022528

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the 5 month and 20 day period ended 27 May 2007

Business and principal activity

Tragus Group Limited ("the company") together with its subsidiaries ("the group") is one of the largest independently owned mid-market restaurant chains in the UK and operates primarily under the Cafe Rouge Bella Italia and Strada formats The company's parent company is Tragus Cayco Limited a company incorporated in the Cayman Islands and ultimately controlled by private equity funds managed by The Blackstone Group in New York

The company was incorporated as Montjeu Topco Limited on 7 December 2006 and subsequently changed its name to Tragus Group Limited on 28 March 2007 The company is a 100% owned subsidiary of Tragus Cayco Limited, and is the highest company in the group which is registered in England and Wales for whom Group accounts are prepared

On 15 December 2006, the group acquired the entire share capital of the exisiting parent undertaking Tragus Limited for consideration of £169 8 million On 21 February 2007, the group acquired Ma Potter's Limited and its subsidiaries, which operates a chain of Ma Potter's Restaurants, for consideration of £11 8 million

On 30 May 2007, the group acquired Talisker Limited, the parent company of the group that currently operates 58 restaurants under the Strada and Belgo brands for £75 6 million plus estimated deal fees of £2 million

Results and dividends

The results for the group for the 5 month and 20 day period ended 27 May 2007 show a loss after tax and before minority interest of £9,755,000 For a full understanding of the underlying performance of the group for the last twelve months reference should be made to the Director's Report and Financial Statements of Tragus Group Holdings Limited

The group has net debt of £198,812,000 as at 27 May 2007

Business environment

The UK restaurant/eating out market is made up of a large number of operators ranging from single owner operated restaurants to large multi-site branded operations Tragus Group Limited is one of the largest mid-market restaurant chain operators in the UK operating 244 restaurants as at the end of August 2007

The UK restaurant sector is expected to continue to grow at rates ahead of GDP growth driven by increased demand, price growth and new openings Forecast growth in eating out is driven by increasing discretionary consumer spending supported by improvements in restaurant customer propositions Factors such as an ageing population more females in work, higher levels of disposable income and an increasing propensity of spending on leisure activities continue to drive demand

The recent smoking ban has been welcomed by our customers and although it is too early to draw material conclusions, we believe that the smoking ban will be a positive influence on our restaurants

Strategy

The group's objective continues to be to achieve attractive and sustainable rates of growth and returns through a combination of organic growth, acquisition of new sites and development of new brands

The first aspect of the development strategy is to continue the implementation of several operational initiatives to drive like for like sales and enhance margins in the existing estate The key areas of continued operational focus include the development of an all day offering in all restaurants, the achievement of high standards of customer service and investment in the training and development of our restaurant managers and staff

The second aspect is to continue the successful roll out strategy with circa 30 new site openings forecast over the next year with 22 sites per annum in the following two years

Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks Risks are formally reviewed by the board and appropriate processes put in place to monitor and mitigate them The key business risks affecting the group are set out below

Competition
The group operates in a highly competitive market particularly around service offering, price and product quality This results not only in downward pressure on our margins but also in the risk that we will not meet our customer's expectations In order to mitigate this risk our marketing teams monitor market offerings and pricing on an ongoing basis and the group, through a third party, undertakes regular 'mystery diner' visits to all our restaurants to ensure menu offering and customer service are maintained to a high standard

Employees
The group's performance depends largely on its managers and staff, both at a restaurant and head office level The resignation of key individuals and the inability to recruit people with the right experience and skills could adversely impact the group's results To mitigate these issues the group have invested in a training programme for all staff to maintain high service levels and have a number of schemes linked to the group's results that are designed to reward and retain key individuals

Supply Chain
The group has a large number of suppliers and prides itself on the quality of its product The group could be adversely affected by a fall in the standard of goods supplied by third parties In order to mitigate this, all of the group's food suppliers must carry the British Retail Consortium (BRC) approval Furthermore, the group's key suppliers are subject to an annual audit by an independent inspection company which checks and rates all aspects of the supplier's production process Any suppliers who do not achieve the necessary minimum standards are de-listed The group regularly re-tenders its food contracts to ensure the quality of product supplied

Key performance indicators ("KPIs")

We have made significant progress in the period on the group's overriding objective and our key elements of our strategy for growth The board monitors progress on the overall group strategy and the individual strategic elements by reference to a number of KPIs at a Tragus Group Holdings Limited level

Like for Like Turnover
During the period, the group saw like for like turnover grow by 9 7% due to the continued development of a high quality all day offering and high standards of customer service

Average Site Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)
Average like for like site EBITDA grew by 19 9% to £238,000 based on sales growth and an improvement in profit margins

Cash Return on Investment (CROI)
Four new restaurants were opened in the period The investment into growing the estate has proved extremely successful with an average Cash Return on Investment (CROI) of 43% on the new sites opened during the last three years and trading for more than six months CROI is operating profit of a site expressed as a percentage of the capital cost

Directors

The directors who held office during the period were as follows

J Baratta (appointed 15 December 2006)
B Jacobs (appointed 15 December 2006)
M Frass-Ehrfeld (appointed 15 December 2006)
R de Botton (appointed 5 February 2007)
V Vente (appointed 15 December 2006, resigned 5 February 2007)
G Turner (appointed 15 December 2006)
M Mansigani (appointed 15 December 2006)
J M Parsons (appointed 15 December 2006)
G Thorley (appointed 22 February 2007)

Financial Risk Management

The board of directors regularly reviews the financial requirements of the group and the risks associated therewith The group does not use complicated financial instruments and where financial instruments are used they are used for reducing interest rate risk The group does not use derivative financial instruments for trading purposes Group operations are primarily financed from retained earnings and bank loans In addition to the primary financial instruments, the group has other financial instruments such as debtors, prepayments, trade creditors and accruals that directly arise from the Group's operations

On acquisition of Tragus Limited on 15 December 2006, the existing interest rate swaps and caps were transferred to Tragus Bidco Limited to sit alongside the cash and debt of the group The following are the interest rate swaps and caps entered into by the group and the group under Tragus Limited -

Effective from 18 February 2005, the group under Tragus Limited entered into an interest rate cap with a notional amount of £30 million increasing to £50 million on 1 June 2007 until 31 January 2008 at which date it terminates that capped interest at a fixed rate of 5 5% Effective from 18 February 2005 the existing swap at 5 7275% has reduced by £1 5 million to £15 025 million from last year

Effective from 15 June 2006, the group under Tragus Limited entered into an interest rate swap for a notional amount of £30 million, reducing to £22 million in instalments until 31 May 2009 at which date it terminates The fixed rate for the duration of the swap is fixed at 5 257% On the same date, the group under Tragus Limited entered into an interest rate cap with a notional amount of £50 million from 31 January 2008 to 31 May 2009 at an interest rate of 5 50%
Effective from 8 February 2007, the group entered into an interest rate swap with a notional value of £13 4875 million increasing to £51 million by the termination date of 31 December 2009 at a rate of 6 035% On the same date the group entered into an interest rate cap with a notional value of £13 4875 million increasing to £51 million by the termination date of 31 December 2009 at a rate of 6% On the same date the group entered into an interest rate swap with a value of £14 million at an interest rate of 6 035%

As at the period end the mark to market (MTM) estimate of the above transactions was an amount payable from the counterparty of £943,000

Employee involvement

The board recognises the importance of employees being fully informed of events which directly affect them and their working conditions and to this end regular meetings are held with them. Senior employees receive a bonus based upon business performance

Employment of disabled persons

The policy of the company and its subsidiaries is that, wherever it is practicable and reasonable within existing legislation, all employees, including disabled persons, are treated in the same way in matters relating to employment, training, career development and promotion Every effort is made to retain and assist any individuals disabled during their employment Full and fair consideration is given to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities

Donations

No donations for political purposes have been made by the company during the period Charitable events, fund raising and sponsorship are organised by restaurants for organisations in their locality

Customers of Café Rouge raised £12,106 for the British Red Cross whereby 25p from every Moules du Cafe Rouge dish sold was donated to the charity Customers of Bella Italia raised £10,609 for Tommy's The Baby Charity whereby 25p from every Penne Alpina Pasta dish sold was donated to the charity and other activities raised £416 Customers of Bella Italia also raised £323 for Children in Need whereby £1 from every Pizza Mozzaroom dish sold were donated to the charity

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the company and group and of the profit or loss of the company and 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 UK 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, in which case there should be supporting assumptions or qualifications as necessary

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 the group and to enable them to ensure that the financial statements comply with the UK Companies Act 1985 They are also responsible for 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

Auditors

Each of the persons who is a director at the date of approval of this report confirms that so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Pursuant to section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually PricewaterhouseCoopers LLP who were appointed by the directors during the prior year and have indicated their willingness to continue in office will be deemed to be re-appointed each year unless a resolution to terminate their appointment is made under section 386

On behalf of the Board of Directors

DIRECTOR

13 September 2007

1st Floor
163 Eversholt Street
LONDON
NW1 1BU

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRAGUS GROUP LIMITED

We have audited the financial statements of Tragus Group Limited for the period ended 27 May 2007 which comprise the Group Profit and Loss Account, the Group Balance Sheet, the Company Balance Sheet, the Group Cash Flow Statement and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing 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) 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 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 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 group and company's affairs as at 27 May 2007 and of its loss and cash flows 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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
13/9/07

CONSOLIDATED PROFIT AND LOSS ACCOUNT

5 months and 20 days ended 27 May 2007

	Notes	Before exceptional items Period ending 27 May 2007 £'000	Exceptional items Period ending 27 May 2007 (note 6) £'000	Total Period ending 27 May 2007 £'000
TURNOVER	1	69,621	-	69,621
Cost of sales		(15,734)	-	(15,734)
GROSS PROFIT		53,887	-	53,887
Total administrative expenses		(50,223)	(726)	(50,949)
OPERATING PROFIT BEFORE AMORTISATION AND DEPRECIATION		12,204	(726)	11,478
Amortisation		(5,809)	-	(5,809)
Depreciation		(2,731)	-	(2,731)
OPERATING PROFIT	4	3,664	(726)	2,938
Profit on disposal of fixed assets		3	-	3
Interest receivable and similar income	9	97	-	97
Interest payable and similar charges	9	(10,146)	(2,063)	(12,209)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(6,382)	(2,789)	(9,171)
Taxation	10			(584)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION				(9,755)
Minority interest	20			(5)
LOSS FOR THE PERIOD				(9,760)

All activities are in respect of acquisitions

The Group has no recognised gains or losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been prepared

There is no difference between the loss on ordinary activities before taxation and the loss for the period stated above and their historic costs equivalent

CONSOLIDATED BALANCE SHEET

As at 27 May 2007

	Notes	27 May 2007 £'000
FIXED ASSETS		
Intangible assets	11	257,870
Tangible assets	12	44,265
		302,135
CURRENT ASSETS		
Stock - finished goods and goods for resale		1,143
Debtors	14	3,731
Cash	15	23,771
		28,645
CREDITORS - amounts falling due within one year	16	(40,823)
NET CURRENT LIABILITIES		(12,178)
TOTAL ASSETS LESS CURRENT LIABILITIES		289,957
CREDITORS - amounts falling due after more than one year	17	(222,216)
PROVISIONS FOR LIABILITIES AND CHARGES	19	(6,475)
Minority equity interests	20	(26)
NET ASSETS		61,240
CAPITAL AND RESERVES		
Called up share capital	21	7,100
Share premium account	22	63,900
Profit and loss account	22	(9,760)
SHAREHOLDERS' FUNDS	23	61,240

These financial statements were approved by the Board of Directors and authorised for issue on 13th September 2007 and signed on its behalf by

M. Mansey

Director

COMPANY BALANCE SHEET

As at 27 May 2007

	Notes	27 May 2007 £'000
FIXED ASSETS		
Investments	13	71,000
CURRENT ASSETS		
Debtors	14	6,318
CREDITORS - amounts falling due within one year		(6,318)
NET CURRENT ASSETS		-
NET ASSETS		71,000
CAPITAL AND RESERVES		
Called up share capital	21	7,100
Share premium account	22	63,900
Profit and loss account	22	-
SHAREHOLDERS' FUNDS	23	71,000

These financial statements were approved by the Board of Directors and authorised for issue on 13th September 2007 and signed on its behalf by

M. Manny -

Director

CONSOLIDATED CASH FLOW STATEMENT

Period ended 27 May 2007

	Notes	Period ended 27 May 2007 £'000
Net cash inflow from operating activities	24	**9,553**
Returns on investments and servicing of finance		**(14,485)**
Taxation		**(526)**
Capital expenditure and financial investment		**(3,478)**
Acquisitions and disposals		
Purchase of Tragus Limited		(136,875)
Purchase of Ma Potter's Limited		(11,767)
Cash acquired on purchase of Tragus Limited		14,802
Cash acquired on purchase of Ma Potter's Limited		402
Net cash outflow for acquisitions		**(133,438)**
Management of liquid resources		
Issue of loan notes		**(15,892)**
Financing		
Issue of ordinary share capital to fund acquisitions		71,000
Repayment of loans acquired on acquisition of Tragus Limited		(113,787)
Repayment of loans acquired on acquisition of Ma Potter's Limited		(3,141)
Eurobond issued		26,319
Drawdown of new loans in period		185,000
		165,391
Increase in cash in the period	26	**7,125**

Reconciliation of net cash flow to movement in net debt

		Period ended 27 May 2007 £'000
Increase in cash in the period		**7,125**
Movement in liquid resources		**16,646**
Movement in borrowings		**(94,391)**
Movement in loan notes 2007		**(367)**
Movement in loan notes 2008		**(16,278)**
Change in net debt resulting from cash flows		**(87,265)**
Borrowings acquired with subsidiaries		**(116,928)**
Non cash movement - loan expenses incurred		**5,381**
Change in net debt		**(198,812)**
Net debt at start of period		-
Net debt at end of period	26	**(198,812)**

NOTES TO THE ACCOUNTS
Period ended 27 May 2007

1. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Companies Act 1985 and applicable accounting standards The accounting policies adopted by the directors are described below

Accounting convention

The financial statements are prepared on the going concern basis and under the historical cost convention

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries The acquisition method of accounting has been adopted Under this method, the results and cashflows of subsidiary undertakings acquired are included in the consolidated profit and loss account and the consolidated cashflow statement from the date of acquisition

Under Section 230(4) of the Companies Act 1985, the company is exempt from the requirement to present its own profit and loss account The company's result for the financial period is disclosed in note 20

Goodwill and intangible fixed assets

On the acquisition of a business, fair values are attributed to the group's share of identifiable assets and liabilities Where the cost of acquisition exceeds the fair values attributable to such net assets, the difference is treated as purchased goodwill and capitalised in the balance sheet in the period of acquisition Purchased goodwill is amortised to nil by equal annual instalments over the directors' estimate of its useful life of 20 years On acquisition, directors make estimates to the fair values of the assets acquired If necessary, these are revised in the year after acquisition Capitalised purchased goodwill in respect of subsidiaries is included within intangible fixed assets

Tangible fixed assets

Depreciable fixed assets are written off on a straight line basis over their estimated useful lives as follows

- Leasehold improvements are depreciated to their estimated residual values over the shorter of 50 years, their estimated useful lives or their remaining lease periods
- Retail furniture, fixtures and equipment are depreciated over 4 to 25 years
- IT systems and equipment are depreciated over 5 to 8 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable Any impairment in the value of fixed assets below depreciated historical cost is charged to the profit and loss account Profits and losses on disposal of fixed assets reflect the difference between net selling price and net book value at the date of disposal

Investments

Investments are stated at cost less provision for any impairment in value

Stock

Stocks are valued at the lower of cost and net realisable value

Vacant properties

Onerous contract provisions are made for the future net costs of leasehold properties which are vacant, loss making or sub-let below passing rent Provisions are based on estimated future net cash outflows

Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not been reversed by the balance sheet date Deferred taxation is not recognised when an asset is sold if it is more likely than not that the taxable gain will be rolled over Deferred taxation assets are recognised to the extent that they are regarded as recoverable Provisions for deferred taxation are not discounted Deferred tax assets and liabilities are calculated using the tax rates that have been enacted or substantively enacted by the balance sheet date

A number of changes to the UK Corporation tax system were announced in the March 2007 Budget Statement and are expected to be enacted in the 2007 and 2008 Finance Acts This includes proposals to reduce the standard corporation tax rate to 28% The changes had not been substantively enacted at the balance sheet date and, therefore, are not quantified in these financial statements

Turnover

Turnover is the value of goods and services sold at restaurants, solely within the UK, as part of the company's continuing ordinary activities after deducting sales based taxes Turnover is recognised on provision of goods and services

Leases

Rental payments in respect of operating leases are charged against operating profit over the period of the lease Rental income in respect of operating leases is recognised in the profit and loss account on a straight line basis over the term of the lease

Rent free periods are recognised in the profit and loss account over the period to the first rent review

Leasing arrangements which transfer to the group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases The lease rentals are treated as consisting of capital and interest elements The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets

Pension costs

The group provides for employee pensions through a stakeholder pension scheme which is independently managed, and the company will continue to contribute to this fund in future accounting periods The amount charged to the profit and loss account represents the contribution payable to the scheme in respect of the accounting period

NOTES TO THE ACCOUNTS
Period ended 27 May 2007

1 ACCOUNTING POLICIES (CONTINUED)

Finance costs

In accordance with FRS 4 costs associated with raising loan finance and equity shares are recorded against the loan principal and share premium account respectively Loan finance costs are amortised to the profit and loss account over the life of the relevant loan at a constant rate of return on the carrying amount

Pre-opening costs

Property rentals and other pre opening costs incurred up to the date of opening a new restaurant are all written off to the profit and loss account in the year in which they arise

Financial Instruments

The company and group makes use of derivative financial instruments to reduce its exposure to market risks from changing interest rates The various risk positions which consist of existing assets, existing liabilities from future contractual liabilities and liabilities likely to arise from potential future commitments are assessed and administered by group management The group does not hold or issue derivative financial instruments for trading purposes

Interest rate risk management The group borrows at variable rates and uses interest rate swaps and caps as cashflow hedges of future interest payments that have the effect of converting some of the borrowings from floating rate to fixed rate Under the interest rate swap and cap agreement the group agrees with an external financial institution to exchange at specified intervals the difference between the fixed contracted rate and floating rate with interest amounts calculated by reference to an agreed notional principal amount The related interest expense or income is recognised as interest payable or receivable

2 ACQUISITION OF TRAGUS LIMITED

On 15 December 2006 the acquisition of Tragus Limited was completed for a total consideration of £169 776 000 The acquisition has been accounted for using the acquisition method of accounting The amount of goodwill arising as a result of the acquisition is £251 349 000 This has been capitalised on the Group balance sheet

	Book value £'000	Fair value adjustments £'000	Intangible assets adjustment £ 000	Provisional fair value to the group £'000
Intangible fixed assets	130 721	-	(130 721)	-
Tangible fixed assets	35 582	(480)	-	35 102
Stock	992		-	992
Cash	14 802		-	14 802
Debtors	4 212		-	4 212
Creditors	(25 820)	(85)	-	(25 905)
Debt	(115 147)	-	-	(115 147)
Deferred tax	(1 412)	-	-	(1 412)
Provisions	(4 217)		-	(4 217)
	39 713	(565)	(130 721)	(91 573)
Adjustment for Deed of Release (see below)				10 000
Goodwill				251,349
				169 776

Consideration	
Cash	132 786
Loan Note Guarantee Security Account 2008 (see note 19)	15 892
Non cash collateralised Loan Notes (see note 22)	6 190
Deed of release	10 000
Costs of acquisition	4,908
	169 776

Following the acquisition of Tragus Limited on 15 December 2006 management have undertaken a fair value exercise and ascribed provisional fair values to assets and liabilities Fair value adjustments identified primarily relate to impairment of fixed assets in rebranded sites and dilapidation accruals At this time an intercompany debt of £10 million between Tragus Bidco Limited and Tragus Limited was capitalised ("Deed of release") This was done to maintain the reserves in Tragus Limited post acquisition

Goodwill capitalised in the period under the accounting policy stated in note 1 amounted to £251 349 000

The Tragus Limited group made a profit after tax of £227,000 in the year ended 27 May 2007 (9 days ended 28 May 2006 profit of £27 000) The summarised profit and loss account from the period from 29 May 2006 to the effective date of acquisition is as follows

	Period from 29 May 2006 to 15 December 2006 £ 000	9 days ended 28 May 2006 £ 000
Turnover	76,083	1,088
Operating profit	17 604	234
Interest payable and similar charges	(12,883)	(191)
Profit before tax	4 721	43
Taxation	(755)	(16)
Profit after tax	3,966	27

NOTES TO THE ACCOUNTS
Period ended 27 May 2007

3 ACQUISITION OF MA POTTER'S LIMITED

On 21 February 2007 Tragus Bidco Limited acquired the entire share capital of Ma Potter's Limited for a total consideration of £11 767 000 The acquisition has been accounted for using the acquisition method of accounting The amount of goodwill arising as a result of the acquisition is £12 330 000 This has been capitalised on the Group balance sheet

	Book value	Fair value adjustments	Alignment of accounting policy	Provisional fair value to the group
	£'000	£'000	£'000	£'000
Tangible fixed assets	6,820	(1 897)	(676)	4 247
Stock	67	-	-	67
Debtors	(4)	66	-	62
Cash	402	-	-	402
Creditors	(4 586)	(138)	-	(4 724)
Debt	(127)		-	(127)
Deferred tax	(490)		-	(490)
	2 082	(1 969)	(676)	(563)
Goodwill				12 330
				11 767
Consideration				
Cash				11 229
Costs of acquisition				538
				11 767

Following the acquisition of the Ma Potters Limited on 21 February 2007 management have undertaken a fair value exercise and ascribed provisional fair values to the assets and liabilities of the company Fair value adjustments identified primarily relate to impairment of fixed assets in loss making sites as well as a specific adjustment to align the depreciation policy to that of Tragus Bidco Limited Ma Potter's had accounted for depreciation on a reducing balance basis which was changed to a straight line basis This resulted in the above adjustment of £676 000 to tangible fixed assets

Ma Potters Limited previously reported their results to a year ending 30 November The company has reported results in the current year under a long accounting period to the 27 May 2007 to be aligned to Tragus Bidco Limited reporting dates Ma Potter's Limited made a loss after tax of £319 000 in the 14 months ended 21 February 2007 (year ended 30 November 2005 profit of £713 000) The summarised profit and loss account from the period from 1 December 2005 to the effective date of acquisition is as follows -

	Period from 1 December 2005 to 21 February 2007	Year ended 30 November 2005
	£000	£'000
Turnover	15 344	12 899
Operating profit	(38)	1 205
Interest payable and similar charges	(352)	(227)
(Loss) / profit before tax	(390)	978
Taxation	71	(265)
(Loss) / profit after tax	(319)	713

There were no recognised gains or losses in the period ended 22 February 2007 other than the loss of £390 000 (Year to 30 November 2005 Profit of £713 000)

4 OPERATING PROFIT

	Period ended 27 May 2007
	£'000
Operating Profit is stated after charging	
Depreciation of tangible fixed assets	
- owned assets	2 612
- under finance leases	119
Amortisation of goodwill	5,809
Rentals under operating leases	
Land and buildings	7,472

5 SERVICES PROVIDED BY THE COMPANY'S AUDITOR

	Period ended 27 May 2007
	£ 000
Audit services	
Fees payable to company auditor for the audit of parent company and consolidated accounts	15
Non audit services	
The audit of the company's subsidiaries pursuant to legislation	103
Other services	790
Tax services	7
Tax services for the companys subsidiaries	54
Total fees paid at 27 May 2007 for audit and non audit services	969

NOTES TO THE ACCOUNTS
Period ended 27 May 2007

6. EXCEPTIONAL ITEMS

	Period ended 27 May 2007 £'000
Net La Tasca deal income (see below)	(258)
Acquisition costs	81
Impairment of fixed assets	868
Loss on disposal of other assets	27
Deal fees	8
Exceptional items - administrative expenses	726
Interest (see note 9)	2,063
Total exceptional items for the period	2,789

In the current period the impairment of fixed assets related to the write down of costs as part of the fair value exercise following the acquisition of Tragus Limited and Ma Potter's Limited which resulted in a total impairment charge of £868,000 as shown above

On 28 March 2007, the group made an offer to acquire La Tasca plc, a Spanish chain of restaurants operating in the UK This offer was made and recommended by the Director's of La Tasca plc to its shareholders with the condition that should another offer be finally accepted an inducement fee of £958,000 would become payable to the group The shareholders' of La Tasca plc accepted a higher offer for their shares, hence upon completion of that deal the inducement fee became payable to the group The £258 000 net income disclosed above shows the final position of the deal after receipt of the inducement fee and all costs

Further fees were incurred during the period for acquisition costs and deal fees as shown above The exceptional interest items in the period relate to fees incurred in entering a new interest rate swap and interest rate hedging costs incurred as well as FRS 4 costs shown in note 9

7. STAFF COSTS

During the period ending 27 May 2007 the group employed the following average number of employees

	Period ended 27 May 2007 Number
Administration	83
Restaurants	4,361
	4,444

The aggregate payroll costs of these persons were as follows

	Period ended 27 May 2007 £'000
Wages and salaries	19,815
Social security costs	1,411
Other pension costs	807
	22,033

8. REMUNERATION OF DIRECTORS

	Period ended 27 May 2007 £'000
Directors' emoluments	421
The emoluments of the highest paid director for the period	142
Directors' pension	8

	Period ended 27 May 2007
Number of directors accruing pension under the stakeholder pension scheme	1

9. NET INTEREST PAYABLE AND SIMILAR CHARGES

	Period ended 27 May 2007 £'000
Amortisation of loan facility fees	2,986
On bank loans and overdrafts	7,122
On finance leases	7
On eurobond	1,949
On intercompany loan with Tragus Cayco Limited	128
Other interest payable	17
	12,209
Interest receivable on treasury deposits	(97)
Total interest expense	12,112

The interest payable above includes £11 000 of interest paid relating to one off financing activities conducted in the period (see note 4) together with the accelerated write off of FRS 4 costs on acquisition of subsidiaries of £2,052,000

Interest is charged on the intercompany loan with Tragus Cayco Limited at LIBOR minus 1 per cent.

10. TAXATION

	Period ended 27 May 2007 £'000
Current tax	-
Deferred tax	
Timing differences	584
Total deferred taxation and taxation charge	584
Factors affecting the tax charge for the period	
Loss before tax	(9,171)
Tax at current UK Corporation Tax rate of 30%	(2,751)
Effect of	
Capital allowances in excess of depreciation	(960)
Expenses not deductible for tax purposes	407
Fixed asset write off	260
Goodwill amortisation	1,742
Profit on disposal of assets	224
Losses surrendered against profits arising in the pre-acquisition period of other group companies	1,078
Current tax charge for the period	-

The taxation effect of the exceptional items during the period is a credit of £47 400

11. INTANGIBLE FIXED ASSETS

	Goodwill £'000
The group	
Cost	
At 7 December 2006	-
Additions during the period (see notes 2 and 3)	263,679
At 27 May 2007	263,679
Accumulated amortisation	
At 7 December 2006	
Charge for the period	(5,809)
At 27 May 2007	(5,809)
Net book amount	
At 27 May 2007	257,870
At 7 December 2006	

NOTES TO THE ACCOUNTS
Period ended 27 May 2007

12. TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Furniture, fixtures & equipment £'000	Total £'000
The Group			
Cost			
At 7 December 2006	-	-	-
Additions on acquisition of subsidiary undertakings	15,365	23,984	39,349
Additions	1,903	7,358	9,261
Disposals	(392)	(1,319)	(1,711)
At 27 May 2007	16,876	30 023	46,899
Accumulated depreciation			
At 7 December 2006	-	-	-
Charge for the period	(835)	(1,896)	(2,731)
Impairment	(382)	(486)	(868)
Disposals	228	737	965
At 27 May 2007	(989)	(1 645)	(2,634)
Net book amount			
At 27 May 2007	15,887	28,378	44,265
At 7 December 2006	-		-

Assets held under finance lease, capitalised and included in tangible fixed assets

	At 27 May 2007 £'000
Cost	124
Accumulated Depreciation	(33)
Net book amount	91

Tragus Limited was acquired on 15 December 2006 by the group, Ma Potter's Limited was acquired on 21 February 2007 by the group Both of these acquisitions resulted in additions to the group of fixed assets at their net book amounts

13. INVESTMENTS

	Shares in subsidiary undertakings £'000
The company	
Cost and net book amount	
At 7 December 2006	-
Additions during the period	71,000
At 27 May 2007	71,000

At 27 May 2007 the principal undertakings in which the company's interest at the period end is more than 20% are as follows

Subsidiary undertaking	Activity	Country of registration and incorporation	% of ordinary shares held
Tragus Bondco Limited*	Holding company	England and Wales	100%
Tragus Bidco Limited	Holding company	England and Wales	100%
Ma Potter's Limited	Restaurateur	England and Wales	100%
Chargrill Limited	Non-trading	England and Wales	100%
Espresso Limited	Non-trading	England and Wales	100%
Espresso UK Limited	Non-trading	England and Wales	100%
Tragus Limited*	Holding company	England and Wales	100%
Tragus Group Holdings Limited	Holding company	England and Wales	100%
Tragus Holdings Limited	Holding company	England and Wales	100%
Cafe Rouge Restaurants Limited	Restaurateur	England and Wales	100%
Oriel Restaurants Limited	Restaurateur	England and Wales	100%
Café Rouge Limited	Dormant	England and Wales	100%
Handyminster Limited	Non-trading	England and Wales	100%
Heathgate Restaurants Limited	Restaurateur	England and Wales	98%
Ortega Bars Limited	Restaurateur	England and Wales	100%
Abbaye Restaurants Limited	Restaurateur	England and Wales	100%
Mamma Amalfi Restaurants Limited	Restaurateur	England and Wales	100%
Bella Italia Group Limited	Non-trading	England and Wales	100%
Bella Italia Restaurants Limited	Restaurateur	England and Wales	100%
Ortega Restaurants Limited	Restaurateur	England and Wales	100%
Novaside Limited	Dormant	Republic of Ireland	100%

* This subsidiary is held directly by Tragus Group Limited All other investments are held by subsidiary undertakings

On 15 December 2006 Tragus Group Limited acquired the entire share capital of Tragus Bondco Limited for consideration of £71 000,000

NOTES TO THE ACCOUNTS
Period ended 27 May 2007

14. DEBTORS

	The group 27 May 2007 £'000	The company 27 May 2007 £'000
Trade debtors	943	-
Other debtors	101	-
Prepayments and accrued income	2,133	-
Amounts owed by group undertakings	165	6,318
Corporation tax	389	-
	3,731	6,318

Amounts owed by group undertakings to group are owed to Tragus Cayco Limited, the parent company of the group The amount owed to the company is owed by Tragus Bondco Limited These amounts have no fixed repayment date, are interest free and unsecured

15. CASH

	The group 27 May 2007 £'000
Cash at bank	7,126
Loan Note Guarantee Security Account 2008 (see note 18)	16,278
Loan Note Guarantee Security Account 2007 (see note 18)	367
	23,771

Cash held in the Loan Note Guarantee Security Account 2008 can only be used to repay the loan notes in accordance with the repayment schedule disclosed in note 18 The company is not entitled to receive withdraw or otherwise transfer any credit balance from this account for any other purpose

Cash held in the Loan Note Guarantee Security Account 2007 can only be used to repay the loan notes in accordance with the repayment schedule disclosed in note 18

16. CREDITORS, AMOUNTS FALLING DUE WITHIN ONE YEAR

	The group 27 May 2007 £'000	The company 27 May 2007 £'000
Floating Rate Cash Collateralised Loan Notes 2007 (note 18)	367	-
Trade creditors	8,885	-
Finance lease creditor	94	-
Other taxation and social security	4,844	-
Other creditors	2,280	-
Amounts owed to group undertakings	6,318	6,318
Accruals and deferred income	18,035	-
	40,823	6,318

The intercompany amounts due shown above are held with Tragus Cayco Limited and Tragus Luxco S a r l both fellow group companies The loan with Tragus Cayco Limited has interest charged on it at LIBOR less 1 per cent giving a total amount payable for the period end of £6,318 000 This amount relates to loan notes transferred up to Tragus Cayco Limited from Tragus Bidco Limited The intercompany balance with Tragus Luxco S a r l does not incur interest and is unsecured with no fixed repayment date

17. CREDITORS, AMOUNTS FALLING DUE AFTER ONE YEAR

	The group 27 May 2007 £'000	The company 27 May 2007 £'000
Eurobond	26,319	-
Floating Rate Cash Collateralised Loan Notes 2008 (see note 18)	16,278	
Bank Loans (see note 18)	179,619	-
	222,216	-

The group entered into an exchangeable loan agreement with another Group company, Tragus Luxco S a r l on the 15 December 2006 for an aggregate amount of £25,000,000 The loan constitutes a direct, general, unconditional, unsecured and unsubordinated obligation of the borrower and will rank at least pari passu and rateable with other unsecured and unsubordinated obligations of the borrower from the date of issue

The Loan was exchanged for an equivalent aggregate principal amount of Eurobonds under the name of Tragus Bondco Limited and admitted for trading on the Channel Islands Stock Exchange on the 5th April 2007 The Loan is listed at £26,319,076 17 35% notes due 2016

Interest is borne on this loan agreement from the 15 December 2006 at a rate of LIBOR (set at rate appliable on 15 December 2006), plus 12 per cent per annum payable annually in arrears Interest is payable in sterling. Unless previously repaid the loan will become repayable at the principal amount on 15 December 2016 The company may repay the loan in whole or in part at any time at its outstanding principal amount (together with accrued interest) subject to the company giving at least 10 business days notice to the lender Payment of principal interest when due is via transfer to a sterling account maintained by the lender

NOTES TO THE ACCOUNTS
Period ended 27 May 2007

18. BORROWINGS

	The group 27 May 2007 £'000	The company 27 May 2007 £'000
Bank loan - Facility B	85 000	-
Bank loan - Facility C	70,000	-
Second Lien Debt	30,000	-
Eurobond (see note 15)	26,319	-
Floating Rate Cash Collateralised Loan Notes 2007	367	-
Floating Rate Cash Collateralised Loan Notes 2008	16 278	-
Unamortised loan costs	(5 381)	-
	222,583	-
Debt can be analysed as falling due		
In less than one year	(1 427)	-
Between one and two years	14 484	-
In more than five years	209,526	-
	222,583	-

On 15 December 2006 Tragus Limited repaid its existing bank loans and redeemed its deep discounted bonds On the same date the company entered into new loans as detailed above

The bank loans are secured by fixed and floating charges on the assets of the group and have the following rates of interest

Facility B	2 375% above LIBOR
Facility C	2 875% above LIBOR
2nd Lien	5 500% above LIBOR

The facility B bank loan has two effective dates The initial bank loan of £70 million is repayable in full in eight years from its effective date being the 15 December 2014 The further £15 million part of the facility B loan is repayable in full in eight years from its effective date of issue, on 22 February 2015 The facility C bank loan is repayable in nine years on 15 December 2015 The Second Lien bank loan is repayable nine and a half years from its effective date being the 15 June 2016

The Second Lien bank loan is repayable nine and a half years from its effective date being the 15 June 2016

The holders of the Floating Rate Guaranteed Loan Notes 2007 ("2007 loan notes") are entitled to require the whole or part of the loan notes to be repaid at par, together with the interest on either the 31 May 2007 or the 31 August 2007 If not repaid or purchased, the loan notes will be repaid by the company on 31 August 2007

The holders of the 2007 loan notes redeemed the outstanding amount above of £367,000 on 31 May 2007

The 2008 loan notes represent a direct and unsecured obligation of the Company for the due and punctual payment of the principal and interest due The holders of the loan notes are entitled to require the whole or any part of the loan notes to be repaid at par, together with the interest on any date falling six months after the date of issue of the loan notes or at any time thereafter Interest is payable at the rate of LIBOR less 1% If not previously repaid or purchased, the Notes will be repaid by the Company at par on 30 November 2008, plus any outstanding interest

19. PROVISIONS FOR LIABILITIES AND CHARGES

Group

	Deferred Tax 27 May 2007 £'000	Other 27 May 2007 £'000	Total 27 May 2007 £'000
Arising on the acquisition of subsidiary undertaking	1,902	4,217	6,119
Utilised in the period	-	(228)	(228)
Charge in the period	584	-	584
At 27 May 2007	2,486	3,989	6,475

Group provisions relate primarily to the future cost of leasehold properties which are vacant, loss making or sub-let below passing rent The provision will unwind over the lesser of the date to the termination of the leases or the date of exit if negotiated sooner

There are no amounts not provided for deferred taxation Those amounts provided for deferred taxation are set out below

	Provided	
	The group 27 May 2007 £'000	The company 27 May 2007 £'000
Difference between depreciation and capital allowances	(2,482)	-
Provisions	(9)	-
Tax losses	5	-
	(2,486)	-

NOTES TO THE ACCOUNTS
Period ended 27 May 2007

20 MINORITY INTEREST

	The group £'000
As at 7 December 2006	-
Arising on the acquisition of subsidiary undertaking	31
Profit attributable to Minority interest	(5)
As at 27 May 2007	26

The minority interest relates to the 2% equity shareholding in Heathgate Restaurants Limited

21. SHARE CAPITAL

	Authorised 27 May 2007 £'000
71,000,000 ordinary shares of 10p each	7,100

	Called up, allotted and fully paid 27 May 2007 £'000
71 000,000 ordinary shares of 10p each	7,100

On 7 December 2006, the company created and issued 71 000,000 ordinary shares of 10p each to Tragus Cayco Limited for a consideration of £71 million

All ordinary shares have no rights to dividends other than those recommended by directors, have no redemption rights and have one vote per share

22. STATEMENT OF MOVEMENTS ON RESERVES

Group	Share premium account £'000	Profit and loss account £'000	Total £'000
As at 7 December 2006	-	-	-
Share premium	63 900	-	63,900
Loss for the period	-	(9,760)	(9 760)
At 27 May 2007	63,900	(9,760)	54,140

Company	Share premium account £'000	Profit and loss account £'000	Total £'000
As at 7 December 2006	-	-	
Share premium	63 900	-	63,900
Loss for the period		-	-
At 27 May 2007	63,900	-	63,900

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	The group 27 May 2007 £'000	The company 27 May 2007 £'000
Opening shareholders' funds	-	-
Loss for the period	(9,760)	-
Issue of ordinary share capital	7,100	7,100
Share premium on share capital issued	63,900	63,900
Closing shareholders' funds	61,240	71,000

24. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOW

	Period ended 27 May 2007 £'000
Operating profit	2 938
Amortisation of goodwill	5 809
Depreciation of tangible fixed assets	2,731
Impairment	868
Increase in stocks	(85)
Decrease in debtors	932
Decrease in creditors	(3 412)
Decrease in provisions	(228)
Net cash outflow from operating activities	**9,553**

Operating cash flows include under continuing operations outflows of £886 000 which related to the fixed asset impairments incurred in the period £27 000 loss on disposal of other assets, £11 000 interest on re-financing in the period and £89 000 of deal fees paid In addition, operating cash flows from continuing operations includes a total inflow of £258 000 in respect of a the aborted acquisition of La Tasca plc (see note 4)

25. ANALYSIS OF CASHFLOWS

	Period ended 27 May 2007 £'000
Returns on investment and servicing of finance	
Interest received	97
FRS 4 costs incurred	(5,496)
Interest paid	(9,086)
	(14,485)
Financing	
Repayment of Ma Potter's old loans	(3,141)
Repayment of old loans	(113 787)
Drawdown of Eurobond	26 319
Drawdown of new bank loans in period	185,000
	94,391
Management of liquid resources	
Issue of share capital	71 000
Issue of loan notes (see note 16)	(15,892)
	55,108
Acquisitions	
Purchase of Tragus Limited	(136 875)
Purchase of Ma Potter's Limited	(11,767)
Cash acquired on purchase of Tragus Limited	14 802
Cash acquired on purchase of Ma Potter's Limited	402
	(133,438)
Capital expenditure and financial investment	
Payments to acquire tangible fixed assets	(4,228)
Proceeds from sale of fixed assets	750
	(3,478)

26. ANALYSIS OF NET DEBT

	At 7 December 2006 £'000	On acquisition of subsidiaries £'000	Cash flow £'000	Non-cash changes £'000	Period ended 27 May 2007 £'000
Cash at bank and in hand	-		23 771	-	23,771
Less liquid resources	-		(16,646)	-	(16,646)
	-	-	7 125	-	7,125
Liquid resources	-		16 646		16,646
Debt due within one year			(367)	-	(367)
Debt due after one year	-	(116,928)	(110,669)	5,381	(222,216)
Net debt	-	(116,928)	(87,265)	5 381	(198,812)

27. LEASE COMMITMENTS

Group	Land and Buildings 27 May 2007 £'000
At the period end, the group was committed to making the following payments during the next year in respect of operating leases which expire	
Within one year	813
Between one and two years	696
Between two and five years	1,912
After five years	15,486
	18,907

NOTES TO THE ACCOUNTS
Period ended 27 May 2007

27. LEASE COMMITMENTS

Group	**Land and Buildings 27 May 2007 £'000**
At the period end, the group was committed to making the following payments during the next year in respect of operating leases which expire	
Within one year	813
Between one and two years	696
Between two and five years	1,912
After five years	15,486
	18,907

28. PENSION COSTS

The group contributes to a stakeholder pension scheme for employees The assets of the scheme are held separately from those of the group in an independently administered fund The amount charged to the profit and loss represents the contributions payable in respect of the accounting period and amounted to £48,000 There were £23 000 of outstanding contributions at the end of the financial period

29. SUBSEQUENT EVENTS

On the 31 May 2007 the group acquired Talisker Limited the parent company of the group that currently operates 58 restaurants under the Strada and Belgo brands for a total consideration of £75 6 million plus estimated acquisition costs of £2 million

This move was seen to fit with the strategy of the company to grow via acquisition as well as organically, with the Strada business proving to be an excellent fit to the group's current operations with strong growth potential and a good pipeline of quality sites The group sees ample opportunity to grow the business from its current level to circa 150 units in the UK This acquisition brings the total of restaurants owned by the group to more than 230 outlets

30. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard no 8 not to disclose transactions with other group companies During the period the group entered into transations in the ordinary course of business, with other related parties Transactions entered into and trading balances outstanding as at 27 May 2007 are as follows

	Sales to related party £'000	Purchases from related party £'000	Amounts owed from related party party £'000	Amounts owed to related party £'000
Related Party				
The Blackstone group fees				
Fees relating to acquisition		900	-	-
Refinancing fees	-	1,700	-	-
Group sales	7	-	2	-
	7	2 600	2	

31 PARENT UNDERTAKING

The parent undertaking of the company is Tragus Cayco Limited registered in the Cayman Islands The company is the largest group company registered in England and Wales for which group accounts are drawn up Copies of these accounts can be obtained from 1st Floor, 163 Eversholt Street, London, NW1 1BU United Kingdom.

The Group considers The Blackstone Group who control 80 2% of the ordinary share capital of Tragus Cayco Limited through investment of private equity funds, as the ultimate controlling party