TRAGUS GROUP LIMITED

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

52 week period ended 25 May 2008

Registered number 06022528

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COMPANY INFORMATION

DIRECTORS:	G Thorley - Chairman J Baratta M Frass-Ehrfeld R de Botton A Roux G Turner M Mansigani J M Parsons
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 52 week period ended 25 May 2008 The comparatives are for the 24 week and 3 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 brands 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 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 30 May 2007, the Group acquired Talisker Limited, the parent company of the group that operated restaurants under the Strada and Belgo brands for £75 6 million plus deal fees of £2 million

Results, dividends and future developments

The results for the Group for the 52 week period ended 25 May 2008 show a loss after tax and before minority interest of £35,944,000 (24 week and 3 day period ended 27 May 2007 loss of £9,755 000)

The Group has net debt of £305 736,000 as at 25 May 2008 (27 May 2007 £198,812,000) No dividends have been declared in the period (2007 nil) The Group will continue to operate restaurants for the foreseeable future

Business environment

The UK restaurant/eating out market is made up of a large number of operators ranging from single owner managed restaurants to large multi-site branded operations Tragus Group Limited is one of the largest mid-market restaurant chain operators in the UK operating 269 restaurants as at 25 May 2008 (27 May 2007 182 restaurants)

The overall trading environment became more challenging during the year The poor 2007 summer weather restricted growth at Cafe Rouge where we have a high number of terraces

The latter half of 2007 and into 2008 has witnessed deteriorating economic conditions and pressure on the consumer as a result of increases in interest rates and commodity cost increases Whilst these are forecast to continue, we believe that the group will be resilient to these pressures because of the strength and breadth of the Groups brands value for money offerings and the fact that eating out is now a habitual lifestyle choice Inflationary cost pressures on our input costs and in particular our utility costs continue to be faced Menu content has been kept under regular review in order to mitigate cost increases through menu re-engineering and the regular re-tendering of our supplier contracts

Longer term, it is felt that the prospects for the eating out market remain positive due to socio-economic factors such as an ageing population more females in work and lifestyle changes

Strategy

The Groups vision is to be the UK s best mid-market multi branded restaurant operator by consistently delivering great food and service in distinctive and attractive restaurant surroundings

The Group has six main strategies, which are

* To grow organically by finding new developments or converting existing buildings
* To continually develop and improve our existing brands through ongoing menu development, marketing initiatives and investment in the estate
* To improve profitability through disciplined management and the use of technology and procurement initiatives
* Ongoing investment in people through training and development programmes
* Acquisitions, the UK restaurant market is highly fragmented and we will assess all consolidation opportunities that will enhance our strategic aims
* To continually look at new opportunities and styles of eating

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

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

Employees
The Groups 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

DIRECTORS' REPORT

Principal risks and uncertainties continued

Competition

The Group operates in a highly competitive market particularly in respect of service offering, price and product quality 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 In addition, the existing estate is subject to a rolling seven-year refurbishment programme

Input Price Increase

The Group's margins can be adversely reflected by an increase in price of key raw materials wages and overheads including utilities

Brand Risk

Significant damage to one or more of the Group s brands is a principal risk This could occur through a one off incident, such as a food scare, or a slow decline in a brand's appeal to its customer base The Group manages the risk of a one off incident through day to day operational management In addition a rigorous supplier selection policy is applied There is training for all staff on food safety including use of an e-learning programme The risk of a slow decline in a brands appeal is managed through continuous menu innovation and marketing campaigns

Expansion Risk

Over aggressive expansion could result in the Group acquiring unprofitable sites To mitigate this risk the Group has a rigorous decision making process which includes strong financial and operational review In addition, the Group has a dedicated property team with experience in identifying and securing new sites

Leverage Risk

Under its facilities agreement the Group is subject to agreed financial covenants Breach of these covenants would require re-negotiation and the requirement to raise additional funds from shareholders This risk is mitigated by regular and thorough financial forecasting followed by close monitoring of these covenants Appropriate action is taken to minimise risk

Fraud

The Group operates multiple sites across the UK Risk of fraud exists in misappropriation of assets including cash banking, theft of stock and theft of cash takings The Group mitigates this risk through management structure, regular financial review with and extensive use of business systems such as EPOS and stock management Regular external financial audits are also carried out on all restaurants

General Economic Conditions

The disposable income of customers and their leisure activity preferences are and will be affected by changes in the general economic environment The group regularly reviews its product offering and engages with its customers to ensure it provides a value for money offering and meets its customers' needs

Key performance indicators ("KPIs")

The Board of Directors and executive management receive a wide range of management information delivered in a timely manner Listed below are the principal measures of progress that are reviewed on a regular basis to monitor the development of the group

Like for Like Sales

This measure provides an indicator of the underlying performance of our existing restaurants and highlights successful development of our offerings to best match changing consumer demands over time Whilst the Company was only incorporated last year, the underlying like for like sales for the acquired companies increased by 3 4% year on year in respect of the key brands (2007 9 7% excluding the Strada, Belgo and Bierodrome brands) due to the continued development of a high quality all day offering and high standards of customer service

Cash Return on Investment (CROI)

During the year, the Group opened 36 new sites including eight concessions in Center Parcs and plans to open around 20 new sites in the current financial year The expansion of the brands is a key driver of the Group's profitability Potential new sites are subject to a rigorous appraisal process before they are presented to the Board for approval This process ensures the quality of openings is maintained as well as the quantity of sites opened

The investment into growing the estate has proved extremely successful with an average Cash Return on Investment (CROI) of 36 4% on the new sites opened in the Group during the last three years and trading for more than six months CROI is the operating profit of a site expressed as a percentage of the capital cost

DIRECTORS' REPORT

Directors

The directors who held office during the period were as follows

G Thorley - Chairman
J Baratta
B Jacobs (resigned 1 August 2008)
M Frass-Ehrfeld
R de Botton
A Roux (appointed 1 August 2008)
G Turner
M Mansigani
J M Parsons

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

Liquidity Risk
Tragus Bidco Limited, a subsidiary of the Company holds the bank borrowings for the wider Group and these are available under a Facilities Agreement which was originally put in place in December 2006 following the acquisition of the group by Blackstone and amended in July 2007 following the acquisition of Strada The Facilities Agreement is long term and is due for repayment in 2015-2017 The Facilities agreement is secured by a fixed and floating charge over certain of the Group's assets

Foreign Currency Risk
Whilst no borrowings are denominated in foreign currencies, a number of suppliers are paid in foreign currencies, in particular the Euro The Group has reviewed its exposure to foreign currency risk and has concluded not to hedge any foreign currency risk

Credit Risk
Counterparty credit ratings are regularly monitored and there is no significant concentration of credit risk to any single counterparty The Group has a large customer base and a significant proportion of cash sales Counterparties for cash and derivative balances are with financial institutions with strong credit ratings and whilst there is exposure to losses, the Board does not expect them to fail to meet their obligations

Interest Rate Risk

A subsidiary of the Company, Tragus Bidco Limited holds the debt of the Group The Group borrows at variable rates and uses interest rate swaps and caps as cash flow 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 The following are the interest rate swaps and caps entered into by the Group

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 terminated that capped interest at a fixed rate of 5 5%

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 fixed 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 fixed rate of 6%

As at the year end the mark to market (MTM) estimate of the above transactions was an amount payable from the counterparty of £539,000 (2007 £943,000)

Creditor payment policy

The Company's policy is to agree the terms of payments with its suppliers as and when a trading relationship is established The Company ensures that the terms of payment are clear and its policy is to abide by the agreed terms, provided the supplier meets its obligations At 25 May 2008 the Company had no trade creditors (2007 nil)

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

DIRECTORS' REPORT

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 £12 428 for the British Red Cross and £13,633 for Marie Curie whereby 25p from every Moules du Cafe Rouge was donated to these charities Customers of Café Rouge also raised £1,377 through other activities for Children in Need

Customers of Bella Italia raised £16,118 for Tommy's the Baby charity and £8,939 for Children in need whereby 25p from every Penne Alpina Pasta dish sold was donated to these charities Customers of Bella Italia also raised £620 through other activities for Marie Curie and British Red Cross

Customers of Potter's raised £3,443 for Tommy's the Baby Charity whereby 10p from every children's menu meal paid for was donated to the charity

In addition the Group encourages the restaurant managers to get involved with and support good causes in their local communities

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

The directors are responsible for the maintenance and integrity of the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Auditors and disclosure of information to 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

Auditors

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
Graham Turner

10 September 2008

1st Floor
163 Eversholt Street
LONDON
NW1 1BU

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRAGUS GROUP LIMITED

We have audited the Group and parent company financial statements (the "financial statements") of Tragus Group Limited for the 52 week period ended 25 May 2008 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, 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 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) 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 Group's and 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's and parent Company's affairs as at 25 May 2008 and of the Group's 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
15th September 2008

CONSOLIDATED PROFIT AND LOSS ACCOUNT

52 week period ended 25 May 2008

	Notes	Existing operations before exceptional items period ended 25 May 2008 £'000	Exceptional items on existing operations period ended 25 May 2008 (note 6) £'000	Acquisition period ended 25 May 2008 (note 2) £'000	Total period ended 25 May 2008 £'000	Restated before exceptional items period ended 27 May 2007 (note 1) £'000	Restated Exceptional items period ended 27 May 2007 (note 6) £'000	Restated Total period ended 27 May 2007 (note 1) £'000
TURNOVER	1	178,961	-	68,877	247,838	69 621	-	69 621
Cost of sales		(132,206)	-	(54,905)	(187,111)	(53 234)	-	(53,234)
GROSS PROFIT		46,755	-	13,972	60,727	16 387	-	16 387
Total administrative expenses		(41,974)	(15,118)	(3,435)	(60,527)	(12,723)	(726)	(13,449)
OPERATING PROFIT BEFORE AMORTISATION AND DEPRECIATION		31,180	(15,118)	12,721	28,783	12,204	(726)	11,478
Amortisation	11	(19,513)	-	-	(19,513)	(5 809)	-	(5 809)
Depreciation	12	(6,886)	-	(2,184)	(9,070)	(2 731)	-	(2,731)
OPERATING PROFIT	4	4,781	(15,118)	10,537	200	3 664	(726)	2,938
(Loss) / Profit on disposal of fixed assets		(134)	-	-	(134)	3	-	3
Interest receivable and similar income	9	74	-	131	205	97	-	97
Interest payable and similar charges	9	(35,674)	-	(14)	(35,688)	(10,146)	(2 063)	(12 209)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(30,953)	(15,118)	10,654	(35,417)	(6 382)	(2,789)	(9 171)
Taxation	10				(527)			(584)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION					(35 944)			(9,755)
Minority interest	20				(4)			(5)
LOSS FOR THE PERIOD					(35,948)			(9 760)

All activities are in respect of continuing operations

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 25 May 2008

	Notes	25 May 2008 £'000	27 May 2007 £'000
FIXED ASSETS			
Intangible assets	11	**364,296**	257,870
Tangible assets	12	**85,244**	44,265
		449,540	302,135
CURRENT ASSETS			
Stock - raw materials		**1,891**	1,143
Debtors	14	**6,426**	3,731
Cash	15	**15,768**	23,771
		24,085	28,645
CREDITORS - amounts falling due within one year	16	**(72,389)**	(40,823)
NET CURRENT LIABILITIES		**(48,304)**	(12,178)
TOTAL ASSETS LESS CURRENT LIABILITIES		**401,236**	289,957
CREDITORS - amounts falling due after more than one year	17	**(321,504)**	(222,216)
PROVISIONS FOR LIABILITIES AND CHARGES	19	**(15,277)**	(6,475)
Minority equity interests	20	**(30)**	(26)
NET ASSETS		**64,425**	61,240
CAPITAL AND RESERVES			
Called up share capital	21	**11,013**	7,100
Share premium account	22	**99,120**	63,900
Profit and loss account	22	**(45,708)**	(9,760)
SHAREHOLDERS' FUNDS	23	**64,425**	61,240

These financial statements on pages 7 to 24 were approved by the Board of Directors and authorised for issue on 10 September 2008 and signed on its behalf by

M. Mansigani

Director
Mohan Mansigani

COMPANY BALANCE SHEET

As at 25 May 2008

	Notes	25 May 2008 £'000	27 May 2007 £'000
FIXED ASSETS			
Investments	13	**110,133**	71,000
CURRENT ASSETS			
Debtors	14	**6,621**	6,318
CREDITORS - amounts falling due within one year	16	**(6,621)**	(6,318)
NET CURRENT ASSETS		**-**	-
NET ASSETS		**110,133**	71,000
CAPITAL AND RESERVES			
Called up share capital	21	**11,013**	7,100
Share premium account	22	**99,120**	63,900
Profit and loss account	22	**-**	-
SHAREHOLDERS' FUNDS	23	**110,133**	71,000

These financial statements on pages 7 to 24 were approved by the Board of Directors and authorised for issue on 10 September 2008 and signed on its behalf by

M. Mansigani

Mohan Mansigani
Director

CONSOLIDATED CASH FLOW STATEMENT

52 week period ended 25 May 2008

	Notes	Period ended 25 May 2008 £'000	Period ended 27 May 2007 £'000
Net cash inflow from operating activities	24	**45,705**	9,553
Returns on investments and servicing of finance	25	**(25,700)**	(14,485)
Taxation		**(248)**	(526)
Capital expenditure and financial investment	25	**(26,665)**	(3,478)
Acquisitions and disposals			
Purchase of Tragus Limited		-	(136,875)
Purchase of Ma Potter's Limited		-	(11,767)
Purchase of Talisker Limited	2	(77,736)	-
Cash acquired on purchase of Tragus Limited		-	14,802
Cash acquired on purchase of Ma Potter's Limited		-	402
Cash acquired on purchase of Talisker Limited	2	2,681	-
Net cash outflow for acquisitions		**(75,055)**	(133,438)
Management of liquid resources			
Issue of loan notes		-	(15,892)
Repayment of loan notes		(16,646)	-
	18	**(16,646)**	(15,892)
Financing			
Issue of ordinary share capital to fund acquisitions	21	39,133	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)
Repayment of loans acquired on acquisition of Talisker Limited	2	(63,527)	-
Loan from fellow group undertaking	17	11,000	-
Eurobond issued		-	26,319
Repayment of loans in period		(95,000)	-
Drawdown of new loans in period		199,000	185,000
		90,606	165,391
(Decrease) / Increase in cash in the period	26	**(8,003)**	7,125

Reconciliation of net cash flow to movement in net debt

	Notes	Period ended 25 May 2008 £'000	Period ended 27 May 2007 £'000
(Decrease) / Increase in cash in the period		(8,003)	7,125
Movement in liquid resources		16,646	-
Movement in borrowings	26	(52,194)	(94,390)
Change in net debt resulting from cash flows		**(43,551)**	(87,265)
Borrowings acquired with subsidiaries		(62,806)	(116,928)
Non cash movement - loan expenses incurred		(567)	5,381
Change in net debt		**(106,924)**	(198,812)
Net debt at start of period	26	**(198,812)**	-
Net debt at end of period	26	**(305,736)**	(198,812)

NOTES TO THE FINANCIAL STATEMENTS
Period ended 25 May 2008

1 ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Companies Act 1985 and applicable accounting standards in the United Kingdom The accounting policies adopted by the directors which have been consistently applied, 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 cash flows of subsidiary undertakings acquired are included in the consolidated profit and loss account and the consolidated cash flow 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 22

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 their remaining lease periods, except where the anticipated renewal or extension of the lease is sufficiently certain that a longer estimated useful like is appropriate Current legislation and the terms of the lease contracts are such that in most instances, leases are readily extendible by an additional 14 years The maximum depreciation period for leasehold improvements is 30 years In the current period, adopting this policy has resulted in a total net decrease in depreciation charged for the year of £618,600
- 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

The 2007 Finance Act reduced the main rate of UK corporation tax from 30% to 28% effective from 1 April 2008 and this change is reflected in these financial statements

Turnover

Turnover is the value of goods and services sold at restaurants solely within the United Kingdom, as part of the company's continuing ordinary activities after deducting sales based taxes Turnover is recognised on provision of goods and services The Director's consider there to be one business segment which faces the same risks

Prior period restatement

Management have reviewed the allocation of costs between the cost of sales and administrative expenses in the period Management consider cost of sales should include all costs of operating the restaurants The prior period profit and loss account has been restated to reflect this change in classification This has resulted in a reclassification of £37 5 million from administrative expenses to cost of sales

Foreign exchange

The consolidated financial statements are presented in sterling which is the company's functional and presentation currency Tragus Bidco Limited has an intercompany loan with Tragus Luxco S a r l which does not trade but has intercompany loans with the company and small foreign exchange differences arise upon translation of Tragus Luxco S a r l balances which are in euros, into sterling. These limited foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Profit and Loss account These are retranslated at period end closing rates

NOTES TO THE FINANCIAL STATEMENTS
Period ended 25 May 2008

1. ACCOUNTING POLICIES (CONTINUED)

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

Exceptional Items

Costs incurred in the period which are classified as exceptional in note 6 and on the face of the profit and loss account are those which are material in nature and derive from events or transactions that fall within the ordinary activities of the company and which are individually, or in aggregate of such size or incidence to require specific disclosure

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

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 period 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

NOTES TO THE FINANCIAL STATEMENTS
Period ended 25 May 2008

2 ACQUISITION OF TALISKER LIMITED

On 30 May 2007 the group acquired 100% of the share capital of Talisker Limited, the holding company of a restaurant group operating primarily under the Italian brand of Strada together with 5 units trading as Belgo and Bierodrome The total consideration paid excluding debt was £77 736 000 The acquisition has been accounted for using the acquisition method of accounting The amount of goodwill arising as a result of the acquisition is £124 971 000 This has been capitalised on the Group balance sheet under the accounting policy stated in note 1

	Book value £'000	Fair value adjustments £'000	Alignment of accounting policy £'000	Provisional fair value to the group £'000
Tangible fixed assets	31 725	(2,149)	-	29,576
Stock	588	-	(170)	418
Cash	2 681	-	-	2,681
Debtors	2 163	-	-	2,163
Creditors	(15,850)	-	-	(15,850)
Debt	(63 527)	-	-	(63,527)
Deferred tax	(2 372)	-	-	(2,372)
Provisions	-	(324)	-	(324)
	(44 592)	(2 473)	(170)	(47 235)
Goodwill				124,971
				77,736

Consideration	
Cash	75 589
Costs of acquisition	2 147
	77,736

Following the acquisition of Talisker Limited on 30 May 2007 management have undertaken a fair value exercise and ascribed provisional fair values to assets and liabilities Fair value adjustments identified primarily relate to fixed assets which were identified as impaired totalling £2 149 000 together with provisions required for dilapidations not accrued at 30 May 2007, Stock was adjusted by £170 000 in order to align accounting policies and the treatment of non consumables

The acquisition of Talisker Limited was made by Tragus Cayman Bidco Limited, a group company set up for the purpose of acquiring Talisker Limited The investment in Tragus Cayman Bidco Limited was held by Tragus Bondco Limited on the 30 May 2007 and then subsequently transferred to Tragus Bidco Limited on the 25 July 2007 in a share for share exchange

The Talisker Limited group made a profit after tax of £612 000 in the 11 month and 2 day statutory period ended 27 May 2007 The summarised profit and loss account for the statutory period from 26 June 2006 to the effective date of acquisition is as follows

	Period from 26 June 2006 to 27 May 2007 £000
Turnover	49,248
Operating profit	3,860
Interest payable and similar charges	(2,179)
Profit before tax	1,681
Taxation	(1,069)
Profit after tax	612

The results of the Talisker Limited group for the current period are disclosed on the face of the profit and loss account

NOTES TO THE FINANCIAL STATEMENTS
Period ended 25 May 2008

3 PRIOR PERIOD ACQUISITION ADJUSTMENTS

Adjustments have been recorded to the initial goodwill values for the acquisitions of Tragus Limited (acquired on 15 December 2006) and Ma Potter's Limited (acquired on 21 February 2007) These adjustments are shown below

Acquisition of Tragus Limited	Period ended 25 May 2008 £'000
Revised fair value of assets and liabilities acquired	(82,151)
Revised goodwill on acquisition	251,927
Consideration paid	169,776

The fair value of assets and liabilities of Tragus Limited acquired has been adjusted by £578 000 which is primarily due to a holiday pay accrual made by the group which should have been made as an adjustment at the time of acquisition totalling £508,000 The remaining £70,000 relates to a fair value adjustment for a dilapidations adjustment required for a restaurant within the group that related back to the pre acquisition period

Acquisition of Ma Potter's Limited	Period ended 25 May 2008 £'000
Revised fair value of assets and liabilities acquired	(954)
Revised goodwill on acquisition	12,721
Consideration paid	11,767

The fair value of assets and liabilities of Ma Potter's Limited acquired has been adjusted by £390 000 which is primarily due to an onerous site provision which related back to the pre acquisition period totalling £300 000 The remaining adjustments relate to provisions that were accounted for in the current period but which related back to the pre acquisition period

4 OPERATING PROFIT

	Period ended 25 May 2008 £'000	Period ended 27 May 2007 £'000
Operating Profit is stated after charging		
Depreciation of tangible fixed assets		
owned assets	9,033	2 612
- under finance leases	37	119
Foreign exchange difference	13	-
Amortisation of goodwill	19,513	5 809
Rentals under operating leases		
Land and buildings	24,161	7,472

5 SERVICES PROVIDED BY THE COMPANY'S AUDITOR

	Period ended 25 May 2008 £'000	Period ended 27 May 2007 £000
Audit services		
Fees payable to company auditor for the audit of parent company and consolidated accounts	9	15
Non audit services		
The audit of the company s subsidiaries pursuant to legislation	91	103
Other services	951	790
Tax services	-	7
Tax services for the company s subsidiaries	40	54
Total Fees paid at 25 May 2008 for audit and non audit services	1,091	969

Other services provided relate to work performed by the Company's auditor in relation to acquisitions made and aborted during the period together with work on a review of strategic options of the Group

NOTES TO THE FINANCIAL STATEMENTS
Period ended 25 May 2008

6 EXCEPTIONAL ITEMS

	Period ended 25 May 2008 £'000	Period ended 25 May 2008 £'000
Onerous provisions	7,454	-
Impairment of fixed assets	5,177	868
Aborted transaction costs	1,167	-
Pre opening costs for Center Parcs and Rebranding	801	-
Integration costs	519	-
Acquisition costs	-	81
Loss on disposal of other assets	-	27
Deal fees	-	8
Aborted acquisition of La Tasca plc (see below)	-	(258)
Exceptional items - administrative expenses	15,118	726
Interest (see note 9)	-	2,063
Total exceptional items for the period	15,118	2,789

Onerous provisions were created as a result of two key events. The first was the administration of The Laurel Pub Company Limited which resulted in four sites which the group had previously assigned to them, reverting back to the Group as per the agreement under the original head lease. These sites are onerous, and hence provisions have been made totalling £4.6 million. Secondly, an impairment review was conducted across the group which highlighted 12 sites which had onerous rent and rate obligations for which a provision of £3.7 million has been created. There were releases in the year of provisions for sites that were sold which totalled £0.8 million (2007: £0.9 million)

The company incurred £1.2 million of costs primarily as a result of work on a review of strategic options during the period. This work included looking into reporting under International Financial Reporting Standards

One off costs incurred in relation to the opening of the 8 Center Parcs concessions and the opening of the rebranded Ma Potter's sites, together with the integration costs to amalgamate the Talisker group of companies operations totalled £1.3 million in the year. These costs are considered to be non recurring for the company and not part of the normal course of business

In the prior period, Tragus Bidco Limited made an offer to acquire La Tasca plc, a Spanish chain of restaurants operating in the UK. This offer was ultimately rejected and the balance shown in prior year represented the net income of the deal after the receipt of the inducement fee and all costs

The group incurred £2 million of fees in the prior period regarding the write off of loan arrangement fees

7 STAFF COSTS

During the period ended 25 May 2008 the group employed the following average number of employees

	Period ended 25 May 2008 Number	Period ended 27 May 2007 Number
Administration	140	83
Restaurants	7,010	4,361
	7,150	4,444

The aggregate payroll costs of these persons were as follows

	Period ended 25 May 2008 £'000	Period ended 27 May 2007 £'000
Wages and salaries	71,106	19,815
Social security costs	6,293	1,411
Other pension costs	220	807
	77,619	22,033

NOTES TO THE FINANCIAL STATEMENTS
Period ended 25 May 2008

8 REMUNERATION OF DIRECTORS

	Period ended 25 May 2008 £'000	Period ended 27 May 2007 £'000
Directors' emoluments	866	421
The emoluments of the highest paid director for the period	325	142
Directors' pension	17	8

	Period ended 25 May 2008	Period ended 27 May 2007
Number of directors accruing pension under the stakeholder pension scheme	1	1

9 NET INTEREST PAYABLE AND SIMILAR CHARGES

	Period ended 25 May 2008 £'000	Period ended 27 May 2007 £000
Amortisation of loan facility fees	3,080	2 986
On bank loans and overdrafts	25,687	7 122
On finance leases	4	7
On Eurobond	6,581	1 949
On intercompany loan with Tragus Cayco Limited	303	128
Other interest payable	33	17
	35,688	12 209
Interest receivable on treasury deposits	(205)	(97)
Total interest expense	35,483	12,112

The interest payable above includes exceptional payments of £nil (2007 £2 052 000) relating to FRS 4 costs

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

10 TAXATION

	Period ended 25 May 2008 £'000	Period ended 27 May 2007 £000
Current taxation on profit for the period		
Charge relating to prior period	357	-
Total current taxation charge	357	
Deferred tax		
Timing differences	398	584
Effect of decreased tax rate on opening liability	(331)	
Prior period adjustment	103	-
Total deferred taxation charge	170	584
Total deferred taxation and taxation charge	527	584
Factors affecting the tax charge for the period		
Loss before tax	(35,417)	(9,171)
Tax at current UK Corporation Tax rate of 29 67% (2007 30%)	(10,508)	(2,751)
Effect of		
Capital allowances in excess of depreciation	(1,361)	(960)
Expenses not deductible for tax purposes	640	407
Fixed asset write off	2,167	260
Goodwill amortisation	5,790	1 742
Profit on disposal of assets	40	224
Losses surrendered for group relief	3,232	1,078
Charge relating to prior period	357	-
Current tax charge for the period	357	-

The taxation effect of the exceptional items during the period is a credit of £4,485,510 (2007 £47,400) The corporation tax rate was reduced to 28% from 30% on 1 April 2008 The pro-rated corporation tax rate for the year is 29 67%

There is an unrecognised deferred tax asset of £4,629,000 which relates to tax losses carried forward for the Group

NOTES TO THE FINANCIAL STATEMENTS
Period ended 25 May 2008

11. INTANGIBLE FIXED ASSETS

	Goodwill £'000
The Group	
Cost	
At 27 May 2007	263 679
Additions upon acquiring Talisker Limited (see note 2)	124 971
Additions to the acquisition of Tragus Limited (see note 3)	578
Additions to the acquisition of Ma Potter's Limited (see note 3)	390
At 25 May 2008	**389,618**
Accumulated amortisation	
At 27 May 2007	(5 809)
Charge for the period	(19 513)
At 25 May 2008	**(25,322)**
Net book amount	
At 25 May 2008	**364,296**
At 27 May 2007	257 870

12 TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Furniture, fixtures & equipment £'000	Total £'000
The Group			
Cost			
At 27 May 2007	16,876	30,023	46,899
Additions on acquisition of Talisker Limited (see note 2)	24,257	5,319	29,576
Additions	13,757	12 304	26,061
Disposals	(341)	(870)	(1 211)
At 25 May 2008	54,549	46 776	101 325
Accumulated depreciation			
At 27 May 2007	(989)	(1,645)	(2 634)
Charge for the period	(2,984)	(6,086)	(9,070)
Impairment	(3,945)	(1 232)	(5 177)
Write off on disposal	258	542	800
At 25 May 2008	(7,660)	(8 421)	(16 081)
Net book amount			
At 25 May 2008	**46,889**	**38,355**	**85,244**
At 27 May 2007	15,887	28,378	44 265

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

	At 25 May 2008 £'000	At 27 May 2007 £'000
Cost	124	124
Accumulated Depreciation	(70)	(33)
Net book amount	54	91

NOTES TO THE FINANCIAL STATEMENTS
Period ended 25 May 2008

13 INVESTMENTS

	Shares in subsidiary undertakings
	£'000
The Company	
Cost and net book amount	
At 27 May 2007	71,000
Additions during the period	39,133
At 25 May 2008	110,133

The additions during the year relate to the additional purchase of share capital in Tragus Bondco Limited which occurred on the 30 May 2007 with the allotment of 39 132,500 shares of 10 pence par value at consideration of £1 per share paid

At 25 May 2008 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%
Cafe 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%
Huxleys Bar & Kitchen Limited (formerly Bunters 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%
Tragus Cayman Bidco Limited	Holding company	Cayman Islands	100%
Talisker Limited	Holding company	Jersey	100%
S&B Acquisitions Limited	Holding company	England and Wales	100%
PINCO 1771 Limited	Holding company	England and Wales	100%
Signature Restaurants Limited	Holding company	England and Wales	100%
TRM Tisch Limited	Restaurateur	England and Wales	100%
Kreek Limited	Dormant	England and Wales	100%
Strada Restaurants Limited	Holding company	England and Wales	100%
Signature & Strada Restaurants Limited	Restaurateur	England and Wales	100%

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

14 DEBTORS

	The Group 25 May 2008 £'000	The Company 25 May 2008 £'000	The Group 27 May 2007 £'000	The Company 27 May 2007 £'000
Trade debtors	2,536	-	943	-
Other debtors	212	-	101	-
Prepayments and accrued income	3,567	-	2,133	-
Amounts owed by group undertakings	111	6,621	165	6,318
Corporation tax	-	-	389	-
	6,426	6,621	3,731	6,318

Amounts owed by Group undertakings relate to monies owed to Tragus Luxco S a r l , a fellow group undertaking These amounts have no fixed repayment date are interest free and unsecured

NOTES TO THE FINANCIAL STATEMENTS
Period ended 25 May 2008

15 CASH

	The Group 25 May 2008 £'000	The Group 27 May 2007 £000
Cash at bank	15,768	7 126
Loan Note Guarantee Security Account 2008 (see note 18)	-	16 278
Loan Note Guarantee Security Account 2007 (see note 18)	-	367
	15,768	23,771

Cash held in the Loan Note Guarantee Security Account 2008 and Loan Note Guarantee Security Account 2007 was used to repay the loan notes The company was not entitled to receive withdraw or otherwise transfer any credit balance from this account for any other purpose

16 CREDITORS, AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group 25 May 2008 £'000	The Company 25 May 2008 £'000	The Group 27 May 2007 £'000	The Company 27 May 2007 £'000
Floating Rate Cash Collateralised Loan Notes 2007 (note 18)	-	-	367	-
Trade creditors	15,410	-	8 885	-
Finance lease creditor	32	-	94	-
Other taxation and social security	7,804	-	4,844	-
Other creditors	3,767	-	2,280	
Amounts owed to group undertakings	15,308	6,621	6,318	6,318
Corporation tax	608	-	-	-
Accruals and deferred income	29,460		18,035	-
	72,389	6,621	40,823	6,318

The amounts owed to group undertakings shown above are due to 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 year end of £6 621 000 (2007 £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 25 May 2008 £'000	The Company 25 May 2008 £'000	The Group 27 May 2007 £000	The Company 27 May 2007 £'000
Eurobond (see note 18)	26,319	-	26 319	-
Loan from fellow group undertakings (see note 18)	11,000	-	-	-
Floating Rate Cash Collateralised Loan Notes 2008 (see note 18)	-	-	16,278	-
Bank Loans (see note 18)	289,000	-	185,000	-
Unamortised loan finance costs (see note 18)	(4,815)	-	(5,381)	-
	321,504	-	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 constituted 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 the Eurobond at a rate of LIBOR (set at rate applicable on 15 December 2006), plus 12 per cent per annum payable annually in arrears Interest is payable in sterling

The loan from fellow group undertakings is with Tragus Luxco S a r l a subsidiary of Tragus Cayco Limited On 28 May 2008 this loan together with the accrued interest at that date was listed on the Channel Island Stock Exchange

NOTES TO THE FINANCIAL STATEMENTS
Period ended 25 May 2008

18 BORROWINGS

	The Group 25 May 2008 £'000	The Company 25 May 2008 £'000	The Group 27 May 2007 £'000	The Company 27 May 2007 £'000
Bank loan - Facility B	125,000	-	85,000	-
Bank loan - Facility C	125 000	-	70 000	-
Second Lien Debt	30,000	-	30 000	-
Eurobond (see note 17)	26,319	-	26 319	-
Loan from fellow group undertaking (see note 17)	11,000	-	-	-
Acquisition / Capex facility	7,000	-	-	
Revolving credit facility	2 000	-	-	
Floating Rate Cash Collateralised Loan Notes 2007	-	-	367	-
Floating Rate Cash Collateralised Loan Notes 2008	-	-	16,278	-
Unamortised loan costs	(4 815)	-	(5,381)	-
	321,504	-	222 583	-
Debt can be analysed as falling due				
In less than one year	(3,079)	-	(1 427)	-
Between one and two years	(1,736)	-	14,484	-
In more than five years	326,319	-	209 526	-
	321,504	-	222,583	-

In the prior year the Company entered into new loans as detailed above On 25 July 2007 the existing loan facilities were refinanced The Group drew down an additional amount of £40 million on Facility B and £55 million on Facility C Furthermore, during the year the Group partially utilised its capex and revolving credit facilities to fund the development of new restaurants and short term working capital requirements respectively

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
Revolving Credit Facility	2 125% above LIBOR
Acquisition / Capex Facility	2 125% above LIBOR

The Facility B bank loan is repayable eight years from the effective date on the 25 July 2015 the Facility C bank loan is repayable in nine years from the effective date on the 25 July 2016 the Second Lien bank loan is repayable nine and a half years from its effective date on the 25 January 2017 The Revolving Credit Facility is repayable in seven years from the effective date on the 25 July 2014 Facilities may be required to be repaid earlier if there is a Senior Event of Default

The Acquisition / Capex Facility can be utilised up to the maximum of £40 million within a four year availability period from 15 December 2006 and then becomes repayable in instalments from 25 January 2012

The Floating Rate Cash Collateralised Loan Notes 2007 were repaid in full together with the outstanding interest on 31 May 2007

The Floating Rate Cash Collateralised Loan Notes 2008 ("2008 loan notes") were fully repaid to holders by 28 March 2008 with the principal being repaid in full together with the interest thereon at the rate of LIBOR less 1%

NOTES TO THE FINANCIAL STATEMENTS
Period ended 25 May 2008

19 PROVISIONS FOR LIABILITIES AND CHARGES

Group

	Deferred Tax 25 May 2008 £'000	Other 25 May 2008 £'000	Total 25 May 2008 £'000
At 27 May 2007	2,486	3,989	6,475
Additions on acquisition of Talisker Limited (see note 2)	2,372	324	2,696
Additions in the period	-	8,506	8,506
Released in the period	-	(795)	(795)
Utilised in the period	-	(1,775)	(1,775)
Charge in the period (note 10)	170	-	170
At 25 May 2008	5,028	10,249	15,277

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

Those amounts provided for deferred taxation are set out below

	Provided		Provided	
	The Group 25 May 2008 £'000	The Company 25 May 2008 £'000	The Group 27 May 2007 £'000	The Company 27 May 2007 £'000
Difference between depreciation and capital allowances	5 024	-	2,482	-
Provisions	4	-	9	-
Tax losses	-	-	(5)	-
	5,028	-	2,486	-

20 MINORITY INTEREST

	The Group £'000
As at 27 May 2007	26
Profit attributable to Minority interest	4
As at 25 May 2008	30

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

21 SHARE CAPITAL

	Authorised 25 May 2008 £'000	Authorised 27 May 2007 £000
760,000 000 ordinary shares of 10 p each	76,000	76,000

	Called up, allotted and fully paid 25 May 2008 £'000	Called up, allotted and fully paid 27 May 2007 £'000
110 132,500 ordinary shares of 10 p each	11,013	7,100

39 132 500 ordinary shares of 10 p each were issued on 30 May 2007 with a par value of 10 p per share The shares were issued for consideration of £1 per share giving total consideration of £39,133 000

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

NOTES TO THE FINANCIAL STATEMENTS
Period ended 25 May 2008

22. STATEMENT OF MOVEMENTS ON RESERVES

Group	Share premium account £'000	Profit and loss account £'000	Total £'000
As at 27 May 2007	63,900	(9,760)	54 140
Issue of shares	35 220	-	35,220
Loss for the period	-	(35 948)	(35,948)
At 25 May 2008	99,120	(45,708)	53,412

Company	Share premium account £'000	Profit and loss account £'000	Total £'000
As at 27 May 2007	63 900	-	63,900
Issue of shares	35 220	-	35,220
Result for the period	-	-	-
At 25 May 2008	99,120	-	99,120

23 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	The Group 25 May 2008 £'000	The Company 25 May 2008 £'000	The Group 27 May 2007 £000	The Company 27 May 2007 £'000
Opening shareholders' funds	61,240	71,000	-	-
Loss for the period	(35,948)	-	(9,760)	-
Issue of ordinary share capital	3,913	3,913	7,100	7 100
Share premium on share capital issued	35,220	35,220	63,900	63 900
Closing shareholders' funds	64,425	110,133	61,240	71,000

24 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOW

	Period ended 25 May 2008 £'000	Period ended 27 May 2007 £'000
Operating profit	200	2,938
Amortisation of goodwill	19 513	5,809
Depreciation of tangible fixed assets	9 070	2,731
Impairment	5 177	868
Increase in stocks	(330)	(85)
(Increase) / Decrease in debtors	(921)	932
Increase / (Decrease) in creditors	7 060	(3,412)
Increase / (Decrease) in provisions	5 936	(228)
Net cash outflow from operating activities	45,705	9,553

Operating cash flows include under continuing operations outflows of £5 177 000 (2007 £886 000) which related to the fixed asset impairments incurred in the period

NOTES TO THE FINANCIAL STATEMENTS
Period ended 25 May 2008

25 ANALYSIS OF CASH FLOWS

	Period ended 25 May 2008 £'000	Period ended 27 May 2007 £'000
Returns on investment and servicing of finance		
Interest received	205	97
FRS 4 costs incurred	(2,431)	(5 496)
Interest paid	(23 474)	(9 086)
	(25,700)	(14,485)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(26,940)	(4 228)
Proceeds from sale of fixed assets	275	750
	(26,665)	(3,478)

26 ANALYSIS OF NET DEBT

	At 27 May 2007 £'000	On acquisition of subsidiaries £'000	Cash flow £'000	Non-cash changes £'000	Period ended 25 May 2008 £'000
Cash at bank and in hand	23 771	2,681	(10 684)	-	15,768
Less liquid resources	(16 646)	-	-	16,646	-
	7,125	2,681	(10,684)	16 646	15,768
Liquid resources	16,646	-	-	(16 646)	-
Debt due within one year	(367)	(62,806)	62 806	367	-
Debt due after one year	(222,216)	-	(115 000)	15,712	(321,504)
	(205,937)	(62 806)	(52 194)	(567)	(321,504)
Net debt	(198,812)	(60,125)	(62,878)	16,079	(305,736)

27. LEASE COMMITMENTS

Group	Land and Buildings 25 May 2008 £'000	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	442	813
Between one and two years	751	696
Between two and five years	3,056	1 912
After five years	22,746	15,486
	26,995	18 907

NOTES TO THE FINANCIAL STATEMENTS
Period ended 25 May 2008

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 £220 000 (2007 £807 000) There were £28,000 of outstanding contributions at the end of the financial period (2007 £23 000)

29. 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 transactions in the ordinary course of business with The Blackstone Group deemed to be the ultimate controlling party of the Group Transactions entered into and trading balances outstanding as at 25 May 2008 are as follows

	Sales to related party £'000	Purchases from related party £'000	Amounts owed from related party £ 000	Amounts owed to related party £'000
Related Party				
The Blackstone group fees		439	-	-
Fees relating to acquisition	-	916	-	-
Refinancing fees		484		-
Group sales	24	-	-	-
	24	1,839	-	-

30 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 as the ultimate controlling party by way of its majority shareholding of Tragus Cayco Limited