

TRAGUS BONDCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the 52 weeks ended 27 May 2012

Registered number 06022704

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COMPANY INFORMATION

DIRECTORS

J Baratta
R de Botton
J Dicksch
M Mansigani

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

BANKERS

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

SOLICITORS

Ashurst
Broadwalk House
5 Appold Street
London
LC2A 2AH

REGISTERED OFFICE

1st Floor
163 Loversholt Street
London
NW1 1BU

REGISTERED NUMBER

06022704

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of Tragus Bondco Limited (the Company) for the 52 weeks ended 27 May 2012. The comparatives are for the 52 weeks ended 29 May 2011.

Principal activities

The principal activity of this Company is to act as the holding and financing company within the group in which the company operates.

Results and dividends

The loss after taxation for the period amounted to £13,009,000 (2011: £11,171,000). The directors do not recommend the payment of a dividend (2011: nil).

Review of business and future prospects

The Company will continue to act as a holding and financing company for the foreseeable future.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of Tragus Group Limited, which include those of the Company, are disclosed in the Group's annual report which does not form part of this report.

Key performance indicators

The directors of Tragus Group Limited manage the Group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using Key Performance Indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Tragus Bondco Limited. The development, performance and position of the business of the Group, which includes the Company, is discussed within the Directors' Report of Tragus Group Limited's financial statements which does not form part of this report.

Financial risk management

From the perspective of the Company, the financial risks of the Company are integrated with the financial risks of the Group and are not managed separately. Accordingly, the management of the financial risks of Tragus Group Limited, which include those of the Company, are disclosed in the Group's annual report which does not form part of this report.

Directors

The directors of the company during the period and up to the date of signing the financial statements were as follows:

G Turner	Resigned 1st August 2012
J Dirckach	Appointed 1st August 2012
M Mansigani	
J Baratta	
R de Botton	
J Parsons	Resigned 1st August 2012

DIRECTORS' REPORT

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Disclosure of information to auditors

Pursuant to section 418 of the Companies Act 2006, 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.

Independent auditors

In the absence of a notice proposing that their appointment be terminated, the auditors, PricewaterhouseCoopers LLP, will be deemed to be re-appointed for the next financial period.

On behalf of the Board of Directors



John Derklich
DIRECTOR

19th September 2012

1st Floor
163 Eversholt Street
LONDON NW1 1BU

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRAGUS BONDCO LIMITED

We have audited the financial statements of Tragus Bondco Limited for the 52 week period ended 27 May 2012 which comprise the Profit and Loss Account the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 27 May 2012 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Companies Act 2006

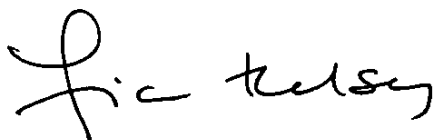
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Fiona Kelsey (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

19 September 2012

PROFIT AND LOSS ACCOUNT**52 weeks ended 27 May 2012**

	Note	52 weeks ended 27 May 2012 £'000	52 weeks ended 29 May 2011 £'000
Administrative expenses		<u>(493)</u>	<u>(374)</u>
OPERATING LOSS	2	(493)	(374)
Interest payable	3	<u>(12 516)</u>	<u>(10 797)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(13,009)	(11 171)
Tax on loss on ordinary activities	4	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL PERIOD	10	<u><u>(13,009)</u></u>	<u><u>(11 171)</u></u>

All activities are in respect of continuing operations

The Company 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 financial period stated above and their historical cost equivalents

FRAGUS BONDCO LIMITED

Registered number 06022704

BALANCE SHEET

As at 27 May 2012

	Note	27 May 2012 £'000	29 May 2011 £'000
FIXED ASSETS			
Investments	5	<u>151,132</u>	<u>151,132</u>
CURRENT ASSETS			
Debtors	6	23	-
CREDITORS - amounts falling due within one year	7	<u>-</u>	<u>(202)</u>
NET CURRENT ASSETS / (LIABILITIES)		<u>23</u>	<u>(202)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		151,155	150,930
CREDITORS - amounts falling due after more than one year	8	<u>(94,032)</u>	<u>(80,798)</u>
NET ASSETS		<u><u>57,123</u></u>	<u><u>70,132</u></u>
CAPITAL AND RESERVES			
Called up share capital	9	11,013	11,013
Share premium account	10	99,119	99,119
Profit and loss account	10	<u>(53,009)</u>	<u>(40,000)</u>
TOTAL SHAREHOLDERS' FUNDS	11	<u><u>57,123</u></u>	<u><u>70,132</u></u>

These financial statements on pages 5 to 11 were approved by the Board of Directors and authorised for issue on 11 September 2012 and signed on its behalf by

M. Mansingh

Mohan Mansingh
Director

NOTES TO THE FINANCIAL STATEMENTS**52 weeks ended 27 May 2012****1 ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom (UK GAAP). The Company has elected not to produce consolidated financial statements under Section 400 of the Companies Act 2006. Under this requirement, a company is exempt from the obligation to prepare and deliver group financial statements if it is included in the consolidated financial statements of a larger group drawn up to the same date, if the group is incorporated in the European Union and the group accounts are publically available. Tragus Group Limited is registered in England and Wales and has drawn up consolidated financial statements to the period ending 27 May 2012 which include the Company.

The principal accounting policies adopted by the directors, and which have been consistently applied across the group and prior periods, are described below.

Accounting convention

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

Fixed asset investments

Investments in subsidiary undertakings are stated at cost less provision for any impairment in value. Impairment reviews are performed by the directors when there is an indication of impairment.

Taxation

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

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.

Cash flow statement

The Company is a wholly owned subsidiary undertaking of Tragus Group Limited. The cash flows of the Company are included in the consolidated cash flow statement of Tragus Group Limited's financial statements, which are publicly available. Consequently, the Company is exempt under the terms of Financial Reporting Standard No 1 (Revised 1996) Cash Flow Statements from presenting a cash flow statement.

2 OPERATING LOSS

	52 weeks ended 27 May 2012 £'000	52 weeks ended 29 May 2011 £'000
Operating loss is stated after charging		
The Blackstone Group fees	<u>436</u>	<u>359</u>

The Company incur management fees on behalf of subsidiaries of Tragus Group Limited from The Blackstone Group, who are deemed to be the ultimate controlling party of the Company.

The following fees for services provided by the Company's auditor were charged to the Company:

	52 weeks ended 27 May 2012 £'000	52 weeks ended 29 May 2011 £'000
Audit services		
Fees payable to Company auditors	7	7
Non-audit services		
Tax services	<u>49</u>	<u>8</u>

Staff Costs

The Company had no employees during the year (2011: none). None of the directors received any remuneration in respect of their services for the Company during the period (2011: nil).

NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 27 May 2012

3 INDEBT PAYABLE

	52 weeks ended 27 May 2012 £'000	52 weeks ended 29 May 2011 £'000
Interest payable on Eurobond (note 8)	<u>12,516</u>	<u>10,797</u>

4 TAX ON LOSS ON ORDINARY ACTIVITIES

	52 weeks ended 27 May 2012 £'000	52 weeks ended 29 May 2011 £'000
Current taxation on loss for the period UK corporation tax at 25.69% (2011: 27.68%)	-	-
Taxation on loss on ordinary activities	-	-

The tax assessed for the period is higher (2011: higher) than the standard effective rate of corporation tax in the UK of 25.69% (2011: 27.68%). The differences are explained below:

Factors affecting the tax charge for the period

Loss on ordinary activities before taxation	<u>(13,009)</u>	<u>(11,171)</u>
Loss on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 25.69% (2011: 27.68%)	<u>(3,342)</u>	<u>(3,092)</u>
Effect of: Group relief	<u>3,342</u>	<u>3,092</u>
Total current taxation charge	<u>-</u>	<u>-</u>

The Company has no deferred tax assets/liabilities.

On 23 March 2011, a number of changes to the UK corporation tax system were announced, including a reduction of the main rate of corporation tax from 26% to 24% with effect from 1 April 2012. The reduction in the rate to 24% became substantively enacted on 26 March 2012 under the Provisional Collection of Taxes Act 1968. Deferred tax has therefore been provided for at 24% (2011: 26%) and the provisioned corporation tax rate for the period is 25.69% (2011: 27.68%).

Further reductions to the main rate are proposed to reduce the rate of corporation tax by 1% per annum to 22% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and are therefore not included in these financial statements. If these changes had been enacted at the balance sheet date, the effect of the changes would not have had a material effect on recognised or unrecognised deferred tax balances.

NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 27 May 2012

5 FIXED ASSET INVESTMENTS

£'000

Cost as at 29 May 2011 and 27 May 2012

151,132

Investments comprise the Company's investments in subsidiary undertakings

Subsidiary undertaking	Activity	Country of registration and incorporation	% of ordinary shares held
Tragus Bidco Limited*	Financing / 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	Restaurateur	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%
Handyminter 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%
Huxleys Bar & Kitchen 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%
IRM 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 Bondco Limited. All other investments are held by subsidiary undertakings

The directors believe the carrying value of the assets is supported by the underlying net assets

6 DEBTORS

	27 May 2012 £'000	29 May 2011 £'000
Prepayments	23	-

7 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	27 May 2012 £'000	29 May 2011 £'000
Accruals	-	202

NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 27 May 2012

8 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	27 May 2012 £'000	29 May 2011 £'000
£21 255 955 17.475% Unsecured Loan Notes 2018	21,256	15 323
£51 866 437 17.35% Notes due 2016	51,866	37 597
Amounts owed to group undertakings	14,274	21 242
Amounts owed to intermediate parent company	6,636	6 636
	94,032	80 798
Debt can be analysed as falling due		
Within two to five years	51,866	-
In more than five years	42,166	80 798
	94,032	80 798

The entire listed debt is held by Tragus Cayco Limited an intermediate parent company

The 17.35% Notes due 2016 had Payment in Kind notes of £14 269 355 issued on 21 May 2012 to Tragus Cayco Limited in respect of interest due up to 29 May 2011. These were listed on the Channel Islands Stock Exchange on the 22 May 2012 hence revising the principal to £51 866 437

The 17.475% Unsecured Loan Notes 2018 had Payment in Kind notes of £5 932,484 issued on 21 May 2012 to Tragus Cayco Limited in respect of interest due up to 29 May 2011. These were listed on the Channel Islands Stock Exchange on 22 May 2012 hence revising the principal to £21 255 955

The 17.35% Notes due 2016 and the 17.475% Unsecured Loan Notes 2018 (Eurobonds) will become repayable at the principal amount on 15 December 2016 and 15 December 2018 respectively. The Company may repay these 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.

These Eurobonds constitute direct general unconditional, unsecured and unsubordinated obligations 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.

A loan for £6 636 190 exists from Tragus Cayco Limited upon which interest is charged at a rate of LIBOR minus 1%. Interest accrues on the £51 866 437 Notes due 2016 at 17.35% and on the £21 255 955 Unsecured Loan Notes 2018 at 17.475%.

Amounts owed to group undertakings have no fixed repayment date are interest free and unsecured.

9 CALLED UP SHARE CAPITAL

	Authorised 27 May 2012 £'000	Authorised 29 May 2011 £'000
115 132 500 (2011 115 132 500) Ordinary shares of 10p each	11,513	11 513
	Called up, allotted and fully paid 27 May 2012 £'000	Called up, allotted and fully paid 29 May 2011 £'000
110 133 500 (2011 110 132 500) Ordinary shares of 10p each	11,013	11 013

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

10 STATEMENT OF MOVEMENTS IN RESERVES

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 29 May 2011	99 119	(40 000)	59 119
Loss for the financial period	-	(13 009)	(13 009)
At 27 May 2012	99,119	(53,009)	46,110

NOTES TO THE FINANCIAL STATEMENTS**52 weeks ended 27 May 2012****11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	27 May 2012 £'000	29 May 2011 £'000
Shareholders' funds at beginning of period	70,132	81,303
Loss for the financial period	(13,009)	(11,171)
Shareholders' funds at end of period	<u>57,123</u>	<u>70,132</u>

12 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption given in Financial Reporting Standard 8 Related Party Disclosures not to disclose transactions with other group companies on the grounds that it is a wholly owned subsidiary of a group headed by Tragus Group Limited whose financial statements are publicly available. During the period the Company entered into transactions in the ordinary course of business with The Blackstone Group deemed to be the ultimate controlling party of the Company. Transactions entered into and trading balances outstanding as at 27 May 2012 are as follows:

	Purchases from related party		Amounts owed to related party	
	27 May 2012 £'000	29 May 2011 £'000	27 May 2012 £'000	29 May 2011 £'000
<u>Related Party</u>				
The Blackstone Group fees	<u>436</u>	<u>359</u>	<u>-</u>	<u>201</u>

13 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Tragus Cayco Holdco Limited registered in the Cayman Islands. The smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Tragus Group Limited registered in England and Wales, the largest is Tragus Group Limited registered in England and Wales. Copies of these financial statements can be obtained from 1st Floor, 163 Eversholt Street, London NW1 1BU United Kingdom.

The Company considers The Blackstone Group L.P., a firm listed on the New York Stock Exchange, as the ultimate controlling party by way of its majority shareholding of Tragus Cayco Holdco Limited.