

CASUAL DINING HOLDINGS PLC
FINANCIAL STATEMENTS
31 AUGUST 2005



HART SHAW MACCLESFIELD LLP
Chartered Accountants & Registered Auditors
Chester House
68 Chestergate
Macclesfield
Cheshire
SK11 6DY

CASUAL DINING HOLDINGS PLC
FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2005

CONTENTS	PAGE
The directors' report	1
Independent auditors' report to the shareholder	3
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8

CASUAL DINING HOLDINGS PLC
THE DIRECTORS' REPORT
YEAR ENDED 31 AUGUST 2005

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 August 2005.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the period was the management of five restaurants under a franchise agreement.

The directors are satisfied with the trading activities undertaken during the year.

FUTURE DEVELOPMENTS

Following the year end the company has successfully disposed of the Chilli and Romano's concepts, licensed from Brinker International.

RESULTS AND DIVIDENDS

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

DIRECTORS

The directors who served the company during the year were as follows:

A Sutton	(Appointed 1 October 2004)
S Wink	(Appointed 1 March 2005)
M Winkelmann	(Appointed 1 March 2005)
P Gorvin	(Retired 31 December 2004)
V B Vasilou	(Retired 1 October 2004)

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 8, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

POST BALANCE SHEET EVENT

On the 21 December 2005 the company disposed of the Chilli and Romano's concepts, licensed from Brinker International.

CASUAL DINING HOLDINGS PLC**THE DIRECTORS' REPORT** *(continued)***YEAR ENDED 31 AUGUST 2005****DISABLED EMPLOYEES**

Application for employment by disabled persons are fully and fairly considered having regard for the aptitudes and abilities of each applicant to perform the duties required by the job. Efforts are made to enable any employee who became disabled during employment to continue their careers with the Company. Training, career developments and promotion of disabled persons is, as far as possible, identical to that of other employees who are disabled.

EMPLOYEE INVOLVEMENT

The company places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on various factors affecting the company's performance.

Registered office:
31 Church Road
Northenden
Manchester
M22 4NN

Signed on behalf of the directors


A J Sutton FCA, FCCA
Director

Approved by the directors on *27th March* 2006

CASUAL DINING HOLDINGS PLC
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF
CASUAL DINING HOLDINGS PLC
YEAR ENDED 31 AUGUST 2005

We have audited the financial statements of Casual Dining Holdings plc for the year ended 31 August 2005 on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

This report is made solely to the company's shareholder, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholder those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

CASUAL DINING HOLDINGS PLC
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF
CASUAL DINING HOLDINGS PLC *(continued)*
YEAR ENDED 31 AUGUST 2005

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2005 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Hart Shaw Macclesfield LLP

Chester House
68 Chestergate
Macclesfield
Cheshire
SK11 6DY

HART SHAW MACCLESFIELD LLP
Chartered Accountants
& Registered Auditors

27th March 2006

CASUAL DINING HOLDINGS PLC
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 AUGUST 2005

	Note	2005 £	2004 £
TURNOVER	2	9,616,894	9,987,070
Cost of sales		<u>2,841,874</u>	<u>3,033,804</u>
GROSS PROFIT		6,775,020	6,953,266
Operating Expenses		<u>4,108,163</u>	<u>3,822,899</u>
Administrative expenses		<u>3,240,891</u>	<u>2,759,248</u>
OPERATING (LOSS)/PROFIT	3	(574,034)	371,119
Interest receivable		<u>22,221</u>	<u>5,421</u>
Interest payable and similar charges	6	<u>(68,811)</u>	<u>(28,823)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(620,624)	347,717
Tax on (loss)/profit on ordinary activities	7	<u>(126,172)</u>	<u>151,547</u>
(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR		(494,452)	196,170
Balance brought forward		<u>502,274</u>	<u>306,104</u>
Balance carried forward		<u><u>7,822</u></u>	<u><u>502,274</u></u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the
year as set out above.

CASUAL DINING HOLDINGS PLC

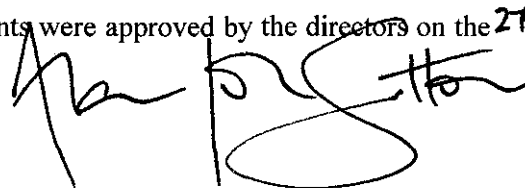
BALANCE SHEET

31 AUGUST 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Tangible assets	8	2,130,747	2,345,147
CURRENT ASSETS			
Stocks	9	219,347	159,797
Debtors	10	811,698	918,750
Cash at bank and in hand		230,255	321,607
		<u>1,261,300</u>	<u>1,400,154</u>
CREDITORS: Amounts falling due within one year	11	<u>3,334,225</u>	<u>2,542,759</u>
NET CURRENT LIABILITIES		(2,072,925)	(1,142,605)
TOTAL ASSETS LESS CURRENT LIABILITIES		57,822	1,202,542
CREDITORS: Amounts falling due after more than one year	12	<u>—</u>	<u>615,000</u>
		57,822	587,542
PROVISIONS FOR LIABILITIES			
Deferred taxation	13	<u>—</u>	<u>35,268</u>
		57,822	552,274
CAPITAL AND RESERVES			
Called-up equity share capital	16	50,000	50,000
Profit and loss account		7,822	502,274
SHAREHOLDER'S FUNDS	17	<u>57,822</u>	<u>552,274</u>

These financial statements were approved by the directors on the 27th March 2006 and are signed on their behalf by:

A J Sutton FCA, FCCA
Director



CASUAL DINING HOLDINGS PLC
CASH FLOW STATEMENT
YEAR ENDED 31 AUGUST 2005

	Note	2005 £	£	2004 £	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	18		870,761		106,274
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	18		(46,590)		(23,402)
TAXATION	18		(1)		(82,804)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	18		(269,042)		(205,442)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING			555,128		(205,374)
FINANCING	18		(646,480)		(203,520)
DECREASE IN CASH	18		<u>(91,352)</u>		<u>(408,894)</u>

CASUAL DINING HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2005

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	length of the lease/12.5% on cost
Fixtures & Fittings	-	20% pa on cost
Motor Vehicles	-	20% pa on cost
Equipment	-	12.5%/33% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

CASUAL DINING HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2005

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company.
 An analysis of turnover is given below:

	2005 £	2004 £
United Kingdom	<u>9,616,894</u>	<u>9,987,070</u>

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting):

	2005 £	2004 £
Depreciation of owned fixed assets	481,640	292,035
Loss on disposal of fixed assets	1,802	7,555
Auditors' remuneration		
- as auditor	6,500	4,500
Operating lease costs:		
Land and buildings	887,274	820,042
Exceptional items	<u>—</u>	<u>(93,630)</u>

The exceptional items relate to provisions for expenses on the hive up of assets and liabilities taken over from former subsidiary Casual Dining Ltd. These provisions are no longer considered necessary.

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2005 No	2004 No
Number of management staff	25	30
Number of restaurant staff - excluding managers	<u>287</u>	<u>292</u>
	<u>312</u>	<u>322</u>

The aggregate payroll costs of the above were:

	2005 £	2004 £
Wages and salaries	2,940,962	2,855,579
Social security costs	248,598	225,362
	<u>3,189,560</u>	<u>3,080,941</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2005 £	2004 £
Emoluments receivable	<u>293,500</u>	<u>99,754</u>

CASUAL DINING HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2005

5. DIRECTORS' EMOLUMENTS *(continued)***Emoluments of highest paid director:**

	2005 £	2004 £
Total emoluments (excluding pension contributions)	<u>210,000</u>	<u>—</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £	2004 £
Interest payable on bank borrowing	<u>68,811</u>	<u>28,823</u>

7. TAXATION ON ORDINARY ACTIVITIES**(a) Analysis of charge/(credit) in the year**

	2005 £	2004 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	(90,904)	124,051
Over/under provision in prior year	—	12,323
	<u>(90,904)</u>	<u>136,374</u>
Deferred tax:		
Origination and reversal of timing differences		
Capital allowances	(35,268)	15,173
Tax on (loss)/profit on ordinary activities	<u>(126,172)</u>	<u>151,547</u>

CASUAL DINING HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2005

7. TAXATION ON ORDINARY ACTIVITIES *(continued)***(b) Factors affecting current tax charge/(credit)**

	2005 £	2004 £
(Loss)/profit on ordinary activities before taxation	<u>(620,624)</u>	<u>347,717</u>
Profit/(loss) on ordinary activities by the standard rate of corporation tax in the UK of 30% (2004 – 30%)	<u>(186,187)</u>	104,315
Depreciation	144,492	87,611
Entertaining	2,119	1,709
Legal	523	3,068
Loss on disposal	541	2,267
Capital allowances	<u>(76,746)</u>	<u>(47,628)</u>
Marginal relief	<u>24,354</u>	<u>(27,291)</u>
Total current tax (note 7(a))	<u><u>(90,904)</u></u>	<u><u>124,051</u></u>

8. TANGIBLE FIXED ASSETS

	Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
COST					
At 1 September 2004	2,133,198	129,450	2,500	577,033	2,842,181
Additions	14,414	40,693	–	212,133	267,240
At 31 August 2005	<u><u>2,147,612</u></u>	<u><u>170,143</u></u>	<u><u>2,500</u></u>	<u><u>789,166</u></u>	<u><u>3,109,421</u></u>
DEPRECIATION					
At 1 September 2004	307,292	34,644	333	154,765	497,034
Charge for the year	268,452	34,029	500	178,659	481,640
At 31 August 2005	<u><u>575,744</u></u>	<u><u>68,673</u></u>	<u><u>833</u></u>	<u><u>333,424</u></u>	<u><u>978,674</u></u>
NET BOOK VALUE					
At 31 August 2005	<u><u>1,571,868</u></u>	<u><u>101,470</u></u>	<u><u>1,667</u></u>	<u><u>455,742</u></u>	<u><u>2,130,747</u></u>
At 31 August 2004	<u><u>1,825,906</u></u>	<u><u>94,806</u></u>	<u><u>2,167</u></u>	<u><u>422,268</u></u>	<u><u>2,345,147</u></u>

CASUAL DINING HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2005

9. STOCKS

	2005	2004
	£	£
Stock	<u>219,347</u>	<u>159,797</u>

10. DEBTORS

	2005	2004
	£	£
Trade debtors	42,283	74,869
Other debtors	439,065	493,760
Prepayments and accrued income	<u>330,350</u>	<u>350,121</u>
	<u>811,698</u>	<u>918,750</u>

11. CREDITORS: Amounts falling due within one year

	2005	2004
	£	£
Bank loans and overdrafts	265,000	300,000
Trade creditors	846,732	584,080
Corporation tax	33,146	124,051
PAYE and social security	172,827	77,578
VAT	161,380	511,009
Other creditors	38,784	10,949
Other creditors	1,000,000	500,000
Directors current accounts	218,968	158,968
Accruals and deferred income	<u>597,388</u>	<u>276,124</u>
	<u>3,334,225</u>	<u>2,542,759</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2005	2004
	£	£
Debenture loans	500,000	500,000
Bank loans and overdrafts	<u>265,000</u>	<u>300,000</u>
	<u>765,000</u>	<u>800,000</u>

The loans are charged on the assets of the company.

12. CREDITORS: Amounts falling due after more than one year

	2005	2004
	£	£
Bank loans and overdrafts	—	115,000
Other creditors	—	500,000
	<u>—</u>	<u>615,000</u>

CASUAL DINING HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2005

12. CREDITORS: Amounts falling due after more than one year (continued)

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2005	2004
	£	£
Bank loans and overdrafts	—	115,000

The loans are charged on the assets of the company.

13. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	2005	2004
	£	£
Provision brought forward	35,268	20,095
Profit and loss account movement arising during the year	(35,268)	15,173
Provision carried forward	—	35,268

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2005	2004
	£	£
Excess of taxation allowances over depreciation on fixed assets	—	35,268
	—	35,268

14. COMMITMENTS UNDER OPERATING LEASES

At 31 August 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2005	2004
	£	£
Operating leases which expire:		
Within 2 to 5 years	102,000	—
After more than 5 years	848,361	904,100
	950,361	904,100

15. RELATED PARTY TRANSACTIONS

The company was under the control of Mr A J Sutton throughout the current period.

The company owed Mr Sutton £218,967 (2004-£158,968) at the year end.

CASUAL DINING HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2005

16. SHARE CAPITAL**Authorised share capital:**

	2005	2004
	£	£
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

Allotted, called up and fully paid:

	2005	2004
	No	No
	£	£
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2005	2004
	£	£
(Loss)/Profit for the financial year	(494,452)	196,170
Opening shareholder's equity funds	<u>552,274</u>	<u>356,104</u>
Closing shareholder's equity funds	<u>57,822</u>	<u>552,274</u>

18. NOTES TO THE STATEMENT OF CASH FLOWS**RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2005	2004
	£	£
Operating (loss)/profit	(574,034)	371,119
Depreciation	481,640	292,035
Loss on disposal of fixed assets	1,802	7,555
Increase in stocks	(59,550)	(103,136)
Decrease/(increase) in debtors	103,532	(385,733)
Increase/(decrease) in creditors	<u>917,371</u>	<u>(75,566)</u>
Net cash inflow from operating activities	<u>870,761</u>	<u>106,274</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2005	2004
	£	£
Interest received	22,221	5,421
Interest paid	<u>(68,811)</u>	<u>(28,823)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(46,590)</u>	<u>(23,402)</u>

TAXATION

	2005	2004
	£	£
TAXATION	<u>(1)</u>	<u>(82,804)</u>

CASUAL DINING HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2005

18. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

CAPITAL EXPENDITURE

	2005 £	2004 £
Payments to acquire tangible fixed assets	(267,240)	(205,442)
Receipts from sale of fixed assets	(1,802)	—
Net cash outflow from capital expenditure	(269,042)	(205,442)

FINANCING

	2005 £	2004 £
Increase in/(repayment of) debenture loans	3,520	(3,520)
Repayment of bank loans	(150,000)	(200,000)
Net outflow from other long-term creditors	(500,000)	—
Net cash outflow from financing	(646,480)	(203,520)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2005 £	2004 £
Decrease in cash in the period	(91,352)	(408,894)
Net cash (inflow) from/outflow from debenture loans	(3,520)	3,520
Net cash outflow from bank loans	150,000	200,000
Net cash outflow from other long-term creditors	500,000	—
	555,128	(205,374)
Change in net debt	555,128	(205,374)
Net debt at 1 September 2004	(589,873)	(384,499)
Net debt at 31 August 2005	(34,745)	(589,873)

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Sep 2004 £	Cash flows £	At 31 Aug 2005 £
Net cash:			
Cash in hand and at bank	321,607	(91,352)	230,255
Debt:			
Debt due within 1 year	(296,480)	31,480	(265,000)
Debt due after 1 year	(615,000)	615,000	—
	(911,480)	646,480	(265,000)
Net debt	(589,873)	555,128	(34,745)

CASUAL DINING HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2005

19. POST BALANCE SHEET EVENTS

On the 21 December 2005 the company disposed of the Chilli and Romano's concepts, licensed from Brinker International.