

# Luminar Group Holdings Plc

Condensed consolidated financial information for the half year ended 27 August 2009

As at 27 August 2009, Luminar operated 88 high quality destination nightclubs predominately under the brands of Oceana and Liquid.

## Highlights

- 88 high quality trading venues
  - Average venue EBITDA in last 12 months £0.6m
- Sales of £88.7m (H1 2009: £94.3m)
  - Same outlet sales decline 4.5%\*
  - Average sales per head up 0.7% to £12.50
- Earnings before Interest, Tax, Depreciation and Amortisation\*\* of £19.8m (H1 2009: £24.8m)
- Profit before tax\*\* of £4.9m (H1 2009: £8.4m)
  - Loss after tax including discontinued operations and exceptional items of £9.6m (H1 2009: £22.4m loss)
  - £9.9m impairment charge on 3D Entertainment investment
- Strong financial position following equity raise in August 2009
  - Cash of £45.4m with net borrowings reduced to £104.4m (H1 2009: £158.7m)
  - Bank facility, with significant covenant headroom, available until 2012
  - Cash generative operation
  - 36 venues owned freehold or long lease
- Current trading continues to be weak
  - Same outlet sales down by 14.0% in the 7 weeks to 15 October 2009
  - Full year outcome dependent on key trading period in second half

\* adjusted for August Bank Holiday

\*\* for continuing operations before exceptional items

**Stephen Thomas**, Chief Executive, said:

***"Whilst our market is currently very tough we continue to have a clear operational focus. This together with very tight cost control and significant financial strength will ensure that Luminar maintains its market leading position and prospers when our marketplace recovers."***

**22 October 2009**

## Enquiries

### **Luminar Group Holdings plc**

Stephen Thomas, Chief Executive  
Robert McDonald, Finance Director

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### **College Hill**

Matthew Smallwood

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## **Overview**

Luminar Group Holdings plc is the leading operator of late night venues in the UK, with 88 high quality trading units including the Oceana and Liquid brands.

Our market continues to be very challenging, such that the Group's trading performance has become more volatile in recent months. The majority of our customers are young people who have been particularly affected by rising unemployment and other economic uncertainties. The late night market also remains very competitive, with many of our competitors offering very low discounted prices.

Within the context of this environment our venues continue to trade well, attracting over 7 million customers in the 26 weeks to 27 August 2009. The quality of our venues allows us to differentiate our offer and we are very focused on using our strengths to deliver strong entertainment content targeted to the local community, and providing good value for money. This strategy has seen us continue to outperform our competitors and retain our position as the leading specialist nightclub operator, well placed for when markets recover.

Sales revenue in the continuing business for the 26 weeks to 27 August 2009 was 5.9% below the same period in the previous year, with same outlet sales (adjusted for the bank holiday) down 4.5% in the same period. Profit before tax in the first half for the continuing business, excluding exceptional items, was £4.9m, compared to £8.4m in the same period in the previous year.

These results were affected by the later August Bank Holiday which deferred some sales to the second half, but also by a weakening of trading conditions in the later part of the first half period. As highlighted in our trading update, dated 25 September 2009, these difficult trading conditions have continued into the second half and will impact our earnings for the full year.

On 31 July 2009 the Group announced the issue of 39.5m new shares, raising gross proceeds of £37.5m and providing the means for Luminar to take advantage of new capacity investment opportunities, whilst at the same time strengthening its financial position. In view of current sales trends, whilst we continue to investigate and review investment opportunities, we will be particularly selective in our approach to major investment until the trading picture improves. Consequently our financial position remains very strong, with net borrowings of £104.4m within banking facilities of £175m, which are not due for renewal until 2012.

In our trading update on 25 September 2009 we highlighted that the difficult market conditions were affecting results at 3D Entertainment Group Limited ("3DE") in which we hold a 49% shareholding. Within our half year results we have taken the decision to impair the carrying value of our investment in 3DE and provide against a proportion of the associated receivable balance, which has created an exceptional charge of £9.9m within our discontinued operations. Whilst we continue to actively investigate potential solutions to realise best value for our investment in 3DE, the business continues to trade profitably at arms length from Luminar, and it is important to note that there is no risk of leases reverting to Luminar should the situation at 3DE change.

## **Background to Results and Strategy**

Luminar currently operates 88 high quality late night venues in 77 towns and cities, the largest estate of its kind in the UK. We trade 13 larger nightclubs under the Oceana brand and 36 clubs under the Liquid brand, with all of our clubs retaining an identity that reflects their local environment. The asset base is strong, with 36 of our venues owned on a freehold or long lease basis, and the estate is well invested and maintained, with modern facilities meeting customer expectations and all regulations.

With two units (at Maidstone) merging operationally into one, there was no significant disruption or downtime for development across the estate in the period under review.

Our customers are predominantly in the 18 to 24 year age group, who have been significantly impacted by the recession. Some 18% of this age group are now unemployed, and many

more are students or on low incomes. Whilst our customers undoubtedly value the high energy experience of a Luminar nightclub, they are more economically constrained in their leisure activities, as our lower admission numbers demonstrate.

The late night market in general is reacting to the tighter economy by reducing prices of admission and discounting the price of alcoholic drinks, with many competitors operating on a marginal cash basis and providing little by way of entertainment and customer service. Regulation too is unevenly enforced.

Luminar's operational strategy in this environment is to continue to play to its strengths, by utilising higher quality assets and compliance to provide a better customer experience, at a reasonable price. Our activity is focused on providing strong entertainment content and reasons to visit, active vibrant sessions with the focus on escapism and fun, whilst always targeted to the local community and the social characteristics of the town. Mainstream dancing sessions on Fridays and Saturdays are supplemented by differentiated speciality sessions in midweek, reaching out to wider markets. Meanwhile our national scale and presence enables the development of extremely successful themed products (such as UK Club Culture, for younger audiences, and Vibe) and the rollout of our membership network and updated e-commerce model. Our pricing strategy complements this activity and reflects local markets, with admission and drink prices varying significantly by venue, by session, and by day. Luminar's systems allow for great flexibility in adjusting pricing. We recognise that price is important to our customers, and we work hard to provide value for money.

A further strategic opportunity is to expand our asset base whilst our competitors are weak, by taking advantage of property opportunities available in the recession which may be able to generate a high return for the Group in the future. There are at least 60 towns and cities in the UK where Luminar does not trade, but which are large enough and with suitable demographics to sustain a profitable Luminar nightclub. One such opportunity is Manchester, where we already own the lease of a property suitable for conversion to an Oceana club. We continue to actively evaluate suitable opportunities, but are not yet committed to any new acquisitions or major development expenditure, and will be particularly selective until the trading picture becomes clearer.

## **Operational Results**

During the 26 weeks to 27 August 2009 we operated almost 10,000 sessions across our 88 trading venues and attracted approximately 7.1 million customers, compared with approximately 7.6 million in the previous year. Friday and Saturday still account for the majority of admissions, although occupancy on Saturday evenings fell in the period to 72% from 78% in the first half last year, and midweek sessions are growing in importance. Over 60% of sales take place after 12pm.

Average sales per head in the 26 weeks to 27 August 2009 were £12.50, an increase of 0.7% over the previous year. Within this total, average admission income per head rose 2.1% to £3.46, whilst drink sales per head reduced by 1.1% to £8.29. Average drink prices reduced year on year, reflecting the significant deflation in prices that took place during the summer of 2008. Actual prices this year have stabilised and improved slowly, mainly through improved control of promotional activities. The average selling price per measured drink was £2.10 in the first half of this year.

Overall sales in the continuing business in the 26 weeks to 27 August 2009 totalled £88.7m, a reduction of 5.9% from previous year. Sales benefited from a catch up of £0.7m in machine income receipts, but the year on year comparative suffered by approximately £1.1m of August Bank Holiday receipts, with the later bank holiday this year falling in the second half. On a same outlet basis which removes these anomalies and measures sales over a constant estate of 87 venues, sales fell in the first half by 4.5% over the same period last year. Within this same outlet basis, admission revenue fell by 0.2% on footfall down by 2.9%, while drinks revenue was down by 6.6%.

The trend in same outlet sales worsened significantly towards the end of the period, with July sales down by 6.3% and August by 8.1%. This trend was unexpected, as the impact of unwinding the development programme in the first half of last year was offset by drink price deflation in the same period. The underlying cause of the worsening trend was primarily fewer admissions across all venues in the estate.

Overall gross margin of 82.9%, which included 75.5% gross margin on drinks, was below the 83.6% achieved in the first half last year but exceeded the margins achieved as a whole for last year of 82.3%. However with lower sales, cash gross margin in the first half was £5.3m lower than the same period in the previous year.

Operating costs were tightly controlled and below last year's level despite increased energy costs and the introduction of an asset financing charge of £1.5m.

## **Financial Review**

Earnings before interest, tax, depreciation and amortisation ("EBITDA") from continuing operations before exceptional items totalled £19.8m in the first half, £5.0m or 20% below that achieved in the same period in the previous year due to lower sales and gross margins.

Lower capital investment in the period contributed to a reduced depreciation and amortisation charge of £11.9m (H1 2009: £12.4m) and lower debts with improved hedging reduced the net finance costs to £3.0m (H1 2009: £4.0m). Net finance costs include a credit of £0.9m interest receivable in respect of the loan note to 3DE. In view of the impairment taken against this loan (see below) a matching provision will be made against interest accrued in future.

Profit before tax in the continuing business before exceptional items was £4.9m (H1 2009: £8.4m), which, together with a tax charge of £1.5m, or 31%, gave rise to basic earnings per share of 5.4p (H1 2009: 9.7p).

Exceptional items in the continuing operations totalled £5.2m before tax, including impairment provisions of £3.4m. A provision of £0.8m has been made in anticipation of losses arising from the recent liquidation of Eminence Leisure plc, previously a key supplier of DJs and live acts to our estate, and in which Luminar held a 20% equity share.

Discontinued operations after tax contributed a loss of £8.5m, of which £8.8m represented exceptional costs in the period. Discontinued operations includes the Group's investment in former associate company 3DE, which operates 57 licensed venues primarily under the Chicago Rock brand. At 27 August 2009 the Group's investment in 3DE was valued at £27.2m, comprising a £23.6m loan note (£19.3m principal amount, accruing 8% pa interest, payable on disposal or in 2014) and £3.6m relating to the value of our 49% equity share. In addition, on 10 July 2009 Luminar agreed to guarantee a £2m term loan granted to 3DE by their bank – this is assessed as a contingent liability, see note 14 to the accounts. Following a review of recent trade and profitability at 3DE we have decided to impair the valuation of our investment, writing down our equity value in full and providing a further £6.3m against a proportion of the loan note receivable, creating an exceptional charge of £9.9m. Discontinued operations also include the companies and units sold to Cavendish Bars, of which the last transaction completed on 27 May 2009.

The Group continues to generate cash. Net cash inflow from operations in the first half was £5.8m, despite timing factors which cause more cash expenditure to fall in the first half. Capital expenditure was restricted to capital replacements and totalled £2.6m (H1 2009: £29.3m). A corporation tax rebate of £2.2m was received, with no tax expected to be paid this financial year.

In addition to cash generated from operations, Luminar raised net proceeds of £35.7m from the issue of new equity during August 2009. These proceeds increased the cash held on the balance sheet at 27 August 2009 to £45.4m and reduced the Group's net borrowing to £104.4m (H1 2009: £158.7m).

The Group's borrowing comprises a syndicated loan facility of £175m plus an agreed overdraft of £5m, and extends to August 2012. Currently, £150m of the facility is drawn, following the repayment of £20m in March 2009, and is subject to interest at Libor plus a margin of up to 75 bps. Various hedges are in place to cover Libor on borrowings of £140m over the period of the loan to an effective rate of 5.2%. In addition, a further one year hedge was agreed in May 2009 to fix the differential between one month and three month Libor. Whilst commercially valuable, by its nature this hedge is deemed ineffective within accounting convention and was fair valued accordingly at the half year date, reducing net finance charges by £0.2m.

The borrowing facility is subject to financial covenants, the key one of which requires the ratio of adjusted net borrowings to adjusted EBITDA to not exceed 3.0x. At 27 August 2009, the ratio was 2.2x, indicating debt headroom of £39.8m within the covenant. The borrowing facility was not affected by the raising of equity in August 2009, and there is no requirement to repay borrowings from the cash received.

The Group decided to not make a final dividend payment for the year ended 26 February 2009 and no interim payment is proposed for the half year ended 27 August 2009. The Board intend to keep the dividend policy under review and to restore dividend payments once sustainability of income growth is evident.

### **Current trading and outlook**

The downturn in trading levels that we experienced in August has worsened in the second half, with same outlet sales down by approximately 14.0% in the 7 weeks to 15 October 2009 compared to the same period last year. Within this period, same outlet admissions were down 16.6%, with admission income down 14.7% and drink sales down 13.7%.

Luminar's action plan to deal with this situation in the short term is particularly focused on local measures to boost admissions where possible and to tightly control all costs and expenditure. Where necessary this will lead to the reduction of all costs that are not business critical and very careful use of capital investment. We have prepared well for the key trading month around Christmas, and although the days do not fall kindly this year with Christmas Day on a Friday, we are determined to maximise the opportunity.

We are confident that we operate the best venues in our industry and that Luminar remains well positioned as market leader to survive and prosper when markets recover.

### **Related parties**

Related party transactions are disclosed in note 15 of this financial information.

### **Principal risks and uncertainties**

The principal risks and uncertainties that could affect the Group's business in the remaining six months of the financial year are summarised below. Further details of the Group's risk profile can be found in the 2009 Annual Report.

The key risk is that of continued or worsening economic conditions, particularly as they affect young people. The Group competes for a share of the disposable income of its customers with a wide range of other leisure activities and should that income reduce, through greater unemployment or other economic factors, then revenues available to the Group will reduce.

The seasonal pattern of the Group's income places great importance on trade over the Christmas and New Year period. Environmental factors such as very poor weather, or high incidence of swine flu or other factors could deter customers from visiting the Group's venues.

## **Forward-looking statements**

Certain statements in this consolidated financial information for the half year ended 27 August 2009 are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

The Group undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Luminar Group Holdings plc  
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MK13 8LW

By order of the Board

Stephen Thomas  
21 October 2009  
Chief Executive

Robert McDonald  
21 October 2009  
Finance Director

## **Statement of Directors' responsibilities**

The Directors confirm that this condensed financial information has been prepared in accordance with IAS 34, *Interim Financial Reporting*, as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed consolidated financial information, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The Directors of Luminar Group Holdings plc are listed in the Luminar Group Holdings plc Annual Report for the year ended 26 February 2009. A list of current Directors is maintained on the Luminar Group Holdings plc website: [www.luminar.co.uk](http://www.luminar.co.uk).

By order of the Board

Stephen Thomas  
21 October 2009  
Chief Executive

Robert McDonald  
21 October 2009  
Finance Director

## **Independent review report to Luminar Group Holdings plc**

### **Introduction**

We have been engaged by the Group to review the condensed consolidated financial information for the half year ended 27 August 2009 which comprises the Consolidated Statement of Comprehensive Income, the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Net Debt Statement, the Consolidated Statement of Changes in Shareholders' Equity, and the notes to the condensed consolidated financial information. We have read the other information contained in the condensed consolidated financial information for the half year ended 27 August 2009 and considered whether it contains any apparent misstatements or material inconsistencies with the condensed consolidated financial information.

### **Directors' responsibilities**

The condensed consolidated financial information for the half year ended 27 August 2009 is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the condensed consolidated financial information in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of Luminar Group Holdings plc are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated financial information for the half year ended 27 August 2009 has been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as adopted by the European Union.

### **Our responsibility**

Our responsibility is to express to the Group a conclusion on the condensed consolidated financial information for the half year ended 27 August 2009 based on our review. This report, including the conclusion, has been prepared for and only for the Group for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, 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 review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Review conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial information for the half year ended 27 August 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

## **Independent review report to Luminar Group Holdings plc (continued)**

PricewaterhouseCoopers LLP  
Chartered Accountants  
St Albans  
21 October 2009

### *Notes:*

- (a) The maintenance and integrity of the Luminar Group Holdings plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

**Consolidated Income Statement**  
for the half year ended 27 August 2009

		Half year ended 27 August 2009 (unaudited)			Half year ended 28 August 2008 (unaudited)		
	Note	Pre- exceptional items £m	Exceptional items (note 9) £m	Total £m	Pre- exceptional items £m	Exceptional items (note 9) £m	Total £m
<b>Continuing operations</b>							
Revenue	4	88.7	-	88.7	94.3	-	94.3
Cost of sales		(15.2)	-	(15.2)	(15.5)	-	(15.5)
<b>Gross profit</b>		<b>73.5</b>	<b>-</b>	<b>73.5</b>	<b>78.8</b>	<b>-</b>	<b>78.8</b>
Administrative expenses		(65.6)	(5.2)	(70.8)	(66.4)	(5.0)	(71.4)
<b>Profit from operations</b>	4	<b>7.9</b>	<b>(5.2)</b>	<b>2.7</b>	<b>12.4</b>	<b>(5.0)</b>	<b>7.4</b>
Finance income	5	1.1	-	1.1	0.9	-	0.9
Finance costs	5	(4.1)	-	(4.1)	(4.9)	-	(4.9)
<b>(Loss) / profit before taxation</b>		<b>4.9</b>	<b>(5.2)</b>	<b>(0.3)</b>	<b>8.4</b>	<b>(5.0)</b>	<b>3.4</b>
Tax on (loss) / profit	6	(1.5)	0.7	(0.8)	(2.5)	0.8	(1.7)
<b>(Loss) / profit for the period from continuing operations attributable to equity shareholders</b>		<b>3.4</b>	<b>(4.5)</b>	<b>(1.1)</b>	<b>5.9</b>	<b>(4.2)</b>	<b>1.7</b>
(Loss) / profit from discontinued operations *	10	0.3	(8.8)	(8.5)	(0.1)	(24.0)	(24.1)
<b>(Loss) / profit for the period attributable to equity shareholders</b>		<b>3.7</b>	<b>(13.3)</b>	<b>(9.6)</b>	<b>5.8</b>	<b>(28.2)</b>	<b>(22.4)</b>
<b>Earnings per share from continuing and discontinued operations</b>	8						
Basic				(15.3p)			(36.8p)
Diluted**				(15.3p)			(36.5p)

\* The loss is stated after tax

\*\* At 27 August 2009, as the Group is loss-making, any share options in issue are considered to be 'anti-dilutive' and as such, the calculation is the same for both basic and diluted earnings per share.

**Consolidated Statement of Comprehensive Income**  
for the half year ended 27 August 2009

	Half year ended 27 August 2009 (unaudited) £m	Half year ended 28 August 2008 (unaudited) £m
<b>Loss for the period</b>	<b>(9.6)</b>	(22.4)
<b>Other comprehensive income:</b>		
Cash flow hedges (net of tax)	1.1	1.2
<b>Other comprehensive income for the period, net of tax</b>	<b>1.1</b>	1.2
<b>Total comprehensive income for the period attributable to equity shareholders</b>	<b>(8.5)</b>	(21.2)

## Consolidated Balance Sheet

As at 27 August 2009

	Note	27 August 2009 (unaudited) £m	28 August 2008 (unaudited) £m	26 February 2009 (audited) £m
<b>Non-current assets</b>				
Goodwill		171.9	171.9	171.9
Other intangible assets		2.5	2.8	3.1
Property, plant and equipment		297.7	325.8	308.9
Other non-current assets		2.0	4.0	3.9
Trade and other receivables		17.3	21.9	22.7
		<b>491.4</b>	526.4	510.5
<b>Current assets</b>				
Inventories		2.4	2.5	2.1
Trade and other receivables		11.8	11.0	7.4
Cash and cash equivalents		45.4	5.9	27.9
	10	<b>59.6</b>	19.4	37.4
Assets classified as held for sale		2.4	7.2	2.4
Investment in associate held for sale		-	3.6	3.6
<b>Total current assets held for sale</b>		<b>2.4</b>	10.8	6.0
<b>Total current assets</b>		<b>62.0</b>	30.2	43.4
<b>Total assets</b>		<b>553.4</b>	556.6	553.9
<b>Current liabilities</b>				
Trade and other payables		(12.1)	(23.4)	(17.8)
Current tax liabilities		(45.0)	(40.9)	(42.7)
Deferred income		(0.5)	(0.5)	(0.5)
Provisions		(1.9)	(2.9)	(1.5)
	10	<b>(59.5)</b>	(67.7)	(62.5)
Liabilities classified as held for sale		(4.0)	(5.4)	(6.0)
		<b>(63.5)</b>	(73.1)	(68.5)
<b>Net current liabilities</b>		<b>(1.5)</b>	(42.9)	(25.1)
<b>Total assets</b>		<b>489.9</b>	483.5	485.4
<b>Non-current liabilities</b>				
Borrowings and loans	13	(149.8)	(164.6)	(169.7)
Derivative financial instruments		(11.9)	(1.5)	(13.2)
Deferred income		(6.0)	(6.5)	(6.3)
Obligations under finance leases		(7.9)	(7.9)	(7.9)
Provisions		(0.7)	(0.7)	(0.7)
Deferred tax liabilities		(18.9)	(23.8)	(20.3)
		<b>(195.2)</b>	(205.0)	(218.1)
<b>Net assets</b>		<b>294.7</b>	278.5	267.3
<b>Capital and reserves</b>				
Share capital		131.8	121.9	121.9
Share premium		25.8	-	-
Capital reserve		-	-	-
Capital redemption reserve		42.1	42.1	42.1
Merger reserve		-	-	-
Equity reserve		1.4	1.2	1.2
Retained earnings		93.6	113.3	102.1
<b>Shareholders' equity</b>		<b>294.7</b>	278.5	267.3

**Consolidated Cash Flow Statement**  
for the half year ended 27 August 2009

	Note	Half year ended 27 August 2009 (unaudited) £m	Half year ended 28 August 2008 (unaudited) £m
<b>Cash flows from operating activities</b>			
Net cash inflow from operations	11	5.8	17.9
Finance costs paid		(4.0)	(5.0)
Tax received		2.2	-
		<b>4.0</b>	<b>12.9</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(2.5)	(28.5)
Purchase of intangible assets		(0.1)	(0.8)
Net proceeds from sale of property, plant and equipment		0.4	3.6
Finance income received		-	0.1
		<b>(2.2)</b>	<b>(25.6)</b>
<b>Cash flows from financing activities</b>			
Repayment of long-term borrowings		(20.0)	-
Drawdown of new facility		-	20.0
Net proceeds from issue of shares		35.7	-
Dividends paid	7	-	(8.5)
		<b>15.7</b>	<b>11.5</b>
Net increase / (decrease) in cash and cash equivalents		<b>17.5</b>	<b>(1.2)</b>
Cash and cash equivalents at beginning of period		<b>27.9</b>	<b>7.1</b>
Cash and cash equivalents at end of period		<b>45.4</b>	<b>5.9</b>

**Net Debt Statement**

for the half year ended 27 August 2009

	Note	Half year ended 27 August 2009 (unaudited) £m	Half year ended 28 August 2008 (unaudited) £m	Year ended 26 February 2009 (audited) £m
Net (increase) / decrease in cash in the period / year		(17.5)	1.2	(20.8)
Non-cash changes:				
- movement in finance lease liabilities		-	-	-
Cash inflow from increases in debt (post-issue costs)		-	20.0	25.0
Cash outflow from repayment of debt		(20.0)	-	-
Movement in net debt in the period / year		<b>(37.5)</b>	<b>21.2</b>	<b>4.2</b>
Opening net debt		<b>150.0</b>	<b>145.8</b>	<b>145.8</b>
Closing net debt	11	<b>112.5</b>	<b>167.0</b>	<b>150.0</b>

## Consolidated Statement of Changes in Shareholders' Equity (unaudited)

for the half year ended 27 August 2009

	Share capital	Share premium	Capital reserve	Capital redemption reserve	Merger reserve	Equity reserve	Retained earnings	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Brought forward at 29 February 2008	134.2	-	-	29.8	-	1.2	142.7	307.9
Loss for the period	-	-	-	-	-	-	(22.4)	(22.4)
Share-based payment charge	-	-	-	-	-	0.3	-	0.3
Change in fair value of cash flow hedge	-	-	-	-	-	-	1.2	1.2
Issue of shares out of Luminar plc Employee trust	-	-	-	-	-	(0.3)	0.3	-
Dividends paid (note 7)	-	-	-	-	-	-	(8.5)	(8.5)
Cancellation of deferred shares	(12.3)	-	-	12.3	-	-	-	-
<b>Carried forward at 28 August 2008</b>	<b>121.9</b>	<b>-</b>	<b>-</b>	<b>42.1</b>	<b>-</b>	<b>1.2</b>	<b>113.3</b>	<b>278.5</b>
Brought forward at 27 February 2009	121.9	-	-	42.1	-	1.2	102.1	267.3
Loss for the period	-	-	-	-	-	-	(9.6)	(9.6)
Share-based payment charge	-	-	-	-	-	0.2	-	0.2
Change in fair value of cash flow hedge	-	-	-	-	-	-	1.1	1.1
Issue of shares	9.9	25.8	-	-	-	-	-	35.7
<b>Carried forward at 27 August 2009</b>	<b>131.8</b>	<b>25.8</b>	<b>-</b>	<b>42.1</b>	<b>-</b>	<b>1.4</b>	<b>93.6</b>	<b>294.7</b>

## **Notes to the condensed consolidated financial information**

for the half year ended 27 August 2009

### **1 General information**

The Company is a public limited company incorporated and domiciled in the UK. The address of its registered office is Luminar House, Deltic Avenue, Rooksley, Milton Keynes, Bucks, MK13 8LW.

The Company is listed on the London Stock Exchange.

This condensed consolidated financial information for the half year ended 27 August 2009 was approved for issue on 21 October 2009.

This condensed consolidated financial information does not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985 (section 434 of the Companies Act 2006). Statutory accounts for the year ended 26 February 2009 were approved by the Board of Directors on 13 May 2009 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 237 of the Companies Act 1985 (section 498 of the Companies Act 2006).

This condensed consolidated interim financial information has been reviewed, not audited.

### **2 Basis of preparation**

This condensed consolidated financial information for the half year ended 27 August 2009 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, *Interim Financial Reporting*, as adopted by the European Union. The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 26 February 2009, which have been prepared in accordance with IFRSs as adopted by the European Union.

As a result of the deferred shares being redeemed and cancelled in July 2008, issued share capital and capital redemption reserve comparatives have been represented in this condensed consolidated financial information for the half year ended 27 August 2009.

### **3 Accounting policies**

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 26 February 2009, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 27 February 2009.

Revised IAS 1, *Presentation of financial statements*, effective for annual periods beginning on or after 1 January 2009. This standard changes the presentation of items of income and expenses in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. The standard also introduces additional requirements for entities that are making restatements or reclassifications of comparative information. This only affects the disclosure of items within the Group financial statements.

## **Notes to the condensed consolidated financial information (continued)**

for the half year ended 27 August 2009

### **3 Accounting policies (continued)**

Revised IAS 23, *Borrowing costs*, effective for annual periods beginning on or after 1 January 2009. This standard requires an entity to capitalise borrowing costs directly attributable to the acquisition construction or production of a qualifying asset as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. This has had no impact on the Group as these borrowing costs are already being capitalised.

Amendment to IFRS 2, *Share-based payment*, effective for annual periods beginning on or after 1 January 2009. This standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only, and that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. Adoption of this standard has had no impact on the Group's accounting for the existing share option schemes.

Amendment to IAS 32, *Financial instruments: Presentation*, effective for annual periods beginning on or after 1 January 2009. This standard requires entities to classify certain types of financial instruments as equity, provided they have particular features and meet specific conditions. Adoption of this standard has had no impact on the Group.

IFRIC 13, *Customer loyalty programmes relating to IAS 18, Revenue*, effective for annual periods beginning on or after 1 January 2008. This standard deals with the required accounting for customer loyalty programmes where goods or services are sold together with a customer loyalty incentive. Adoption of this standard has not had a material impact on the Group.

### **4 Segmental information**

As reported at 26 February 2009, the Group early adopted IFRS 8 'Operating segments'.

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker (CODM) to allocate resources to the segments and to assess their performance.

We report our segment information on the same basis as our internal management reporting structure, which drives how our company is organised and managed.

The Group is principally engaged as owner, developer and operator of nightclubs and themed bars in the UK. The CODM has been identified as the Senior Executive Management (SEM) that exercises the day-to-day management function of the Group. Operational and financial information, which is primarily at an individual unit level, is received by the CODM on a monthly basis. Luminar do not distinguish between geography or brand. The unit information does not meet the quantitative thresholds as required by IFRS 8, as such management have judged it appropriate to aggregate the financial information relating to all units into a single reportable segment.

All revenue is earned from sales to external customers.

## Notes to the condensed consolidated financial information (continued)

for the half year ended 27 August 2009

### 5 Net finance costs

Net finance costs relating to continuing operations were as follows:

	Half year ended 27 August 2009 £m	Half year ended 28 August 2008 £m
Interest payable on bank borrowings	(3.8)	(4.8)
Interest payable on obligations under finance leases	(0.2)	(0.2)
Amortisation of issue costs on bank loan	(0.1)	(0.1)
Total borrowing costs	(4.1)	(5.1)
Less amounts capitalised in the cost of qualifying assets	-	0.2
<b>Finance costs</b>	<b>(4.1)</b>	<b>(4.9)</b>
Income on bank deposits	-	0.1
Interest on loan to associate	0.9	0.8
Fair value movements on derivatives that are not hedge accounted for	0.2	-
<b>Finance income</b>	<b>1.1</b>	<b>0.9</b>
<b>Net finance costs</b>	<b>(3.0)</b>	<b>(4.0)</b>

### 6 Tax on (loss) / profit

The taxation charge is based on the (losses) / profits for the period and represents:

	Half year ended 27 August 2009 £m	Half year ended 28 August 2008 £m
<i>Current tax (charge) / credit</i>		
Continuing operations:		
- Current period	(2.1)	(2.8)
- Adjustments in respect of prior periods	0.2	-
Discontinued operations:		
- Current period	1.8	0.1
	<b>(0.1)</b>	<b>(2.7)</b>
<i>Deferred tax credit / (charge)</i>		
- Continuing operations	1.1	1.1
- Discontinued operations	0.2	0.4
	<b>1.3</b>	<b>1.5</b>
<i>Total taxation credit / (charge)</i>		
- Continuing operations	(0.8)	(1.7)
- Discontinued operations	2.0	0.5
	<b>1.2</b>	<b>(1.2)</b>

Income tax expense is recognised based on management's best estimate of the full year effective rate of tax which is then applied to the first half year results.

Luminar's policy is to recognise liabilities for uncertain tax positions relating to open tax years, based on management's assessment of the potential outcomes at the balance sheet date. During the half year a tax charge of £1.5m (2008: £2.5m) was recognised against a continuing profit before taxation pre-exceptional items figure of £4.9m (2008: £8.4m pre-loss from associate). This gives an effective rate of 30.6% (2008: 29.8%), which is broadly comparable with that for the prior year half year end.

## Notes to the condensed consolidated financial information (continued)

for the half year ended 27 August 2009

### 7 Dividends

	Half year ended 27 August 2009 £m	Half year ended 28 August 2008 £m
Ordinary shares - previous year final dividend paid: nil pence per share (28 August 2008: 13.95 pence per share)	-	8.5
	-	8.5

As reported in the Annual Report approved on 13 May 2009, the Board did not recommend a final dividend for the year ended 26 February 2009.

### 8 (Loss) / Earnings per share

The calculation of basic earnings per share (EPS) is calculated by dividing the earnings attributed to equity shareholders by the weighted average number of shares in issue during the half year. For diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has one class of dilutive potential ordinary shares: share options granted to Directors and employees where the exercise price is less than the average market price of the Group's ordinary shares during the half year. At the half year end an assessment is made as to whether the performance criteria for the vesting of awards under the share option schemes of the Group is likely to be met and any potential shares unlikely to be exercised are excluded from the diluted EPS calculation.

An alternative measure of earnings per share has also been presented below, that being earnings per share from continuing operations pre-exceptional items, as the Directors believe that this measure of pre-exceptional earnings from continuing operations is more reflective of the ongoing trading of the Group.

A reconciliation of the earnings and weighted average number of shares used in the calculations is set out below:

	Half year ended 27 August 2009		
	Earnings £m	Weighted average number of shares (in millions)	Per share amount (pence)
<b>Basic and diluted EPS</b>			
Earnings attributable to ordinary shareholders	(9.6)	62.7	(15.3)
Basic and diluted EPS from continuing operations	(1.1)	62.7	(1.8)
Basic and diluted EPS from discontinued operations	(8.5)	62.7	(13.6)
<b>EPS from continuing operations pre-exceptional items</b>			
Basic and diluted EPS from continuing operations pre-exceptional items	3.4	62.7	5.4

## Notes to the condensed consolidated financial information (continued)

for the half year ended 27 August 2009

### 8 Earnings per share (continued)

Half year ended 28 August 2008			
	Earnings (reclassified) £m	Weighted average number of shares (in millions)	Per share amount (pence)
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	(22.4)	60.9	(36.8)
Effect of dilutive options and warrants	-	0.5	-
<b>Diluted EPS</b>	(22.4)	61.4	(36.5)
Basic EPS from continuing operations	1.7	60.9	2.8
Diluted EPS from continuing operations	1.7	61.4	2.8
Basic EPS from discontinued operations	(24.1)	60.9	(39.6)
Diluted EPS from discontinued operations	(24.1)	61.4	(39.3)
<b>EPS from continuing operations pre-exceptional items</b>			
Basic EPS from continuing operations pre-exceptional items	5.9	60.9	9.7
Diluted EPS from continuing operations pre-exceptional items	5.9	61.4	9.6

All amounts included in the column headed 'Earnings' are taken from the face of the Consolidated Income Statement.

At 27 August 2009, as the Group is loss-making, any share options in issue are considered to be 'anti-dilutive' and as such, the calculation is the same for both basic and diluted earnings per share.

### 9 Exceptional items

#### (a) Continuing operations

The Group incurred exceptional items on continuing operations as follows:

	Half year ended 27 August 2009 £m	Half year ended 28 August 2008 £m
<b>Exceptional items relating to trading</b>		
Asset impairments	(3.4)	(4.0)
Provision for loss on liquidation of supplier	(0.8)	-
Provision for onerous lease commitments	(0.2)	(0.9)
Costs relating to reorganisation and rationalisation	(0.8)	(0.1)
<b>Pre-tax exceptional items relating to continuing operations</b>	<b>(5.2)</b>	<b>(5.0)</b>
<b>Tax on exceptional items</b>	<b>0.7</b>	<b>0.8</b>
<b>Post-tax exceptional items relating to continuing operations</b>	<b>(4.5)</b>	<b>(4.2)</b>

## Notes to the condensed consolidated financial information (continued)

for the half year ended 27 August 2009

### 9 Exceptional items (continued)

#### (a) Continuing operations (continued)

Impairments of £3.4m (half year end 28 August 2008: £4.0m) relate to property, plant and equipment (£1.6m) and lease premiums (£1.8m), reflecting the difference between the value in use of cash generating units (e.g. discrete trading units) and their carrying value.

A £0.8m provision has been recognised in relation to anticipated losses arising from the recent liquidation of Eminence Leisure plc, a key supplier of DJ's and live acts to the Group, and in which the Group held a 20% equity share.

#### (b) Discontinued operations

The Group incurred exceptional items relating to discontinued operations as follows:

	<b>Half year ended 27 August 2009</b>	Half year ended 28 August 2008
	<b>£m</b>	£m
Impairment of property, plant and equipment	<b>(0.1)</b>	(0.1)
Net increase in provision for onerous lease commitments	<b>(0.3)</b>	(0.3)
Impairment of investment in associate	<b>(3.6)</b>	(24.1)
Provision against receivable due from associate	<b>(6.3)</b>	-
Realised profit on disposals	-	0.7
Costs relating to reorganisation and rationalisation	<b>(0.3)</b>	(0.6)
<b>Pre-tax exceptional items relating to discontinued operations</b>	<b>(10.6)</b>	(24.4)
<b>Tax on exceptional items</b>	<b>1.8</b>	0.4
<b>Post-tax exceptional items relating to discontinued operations</b>	<b>(8.8)</b>	(24.0)

A non-cash impairment of £3.6m (half year ended 28 August 2008: £24.1m) has been recognised against the carrying value of the investment held in The 3D Entertainment Group Limited, reflecting the Board's commitment to dispose of this investment in the short-term and as a result, recognising the difference between management's latest estimate of the recoverable value of the investment and its carrying value. A further £6.3m has been provided against the receivable balance due from The 3D Entertainment Group in relation to the Vendor Loan Note and associated accrued interest. Management's best estimate of recoverable value is based a range of valuation methodology's using the latest available information but the actual value achieved through a disposal could vary materially from the estimate included in the interim statements depending on the specific circumstances of the disposal and the expected future profitability of 3DE.

## Notes to the condensed consolidated financial information (continued)

for the half year ended 27 August 2009

### 10 Discontinued operations and non-current assets held for sale

Comparative income statement and cash flow information is restated at each balance sheet date to reflect the composition of discontinued operations at the latest balance sheet date.

#### (a) Results of discontinued operations

The results of discontinued operations, which comprise units either disposed of, or held for sale and forming part of the Group's plan to exit from non-core operations, included within the Consolidated Income Statement were as follows:

	Half year ended 27 August 2009	Half year ended 28 August 2008
	£m	£m
Revenue	0.1	1.1
Cost of sales and administrative expenses	-	(1.3)
<b>Profit/(loss) before tax pre-exceptional items</b>	<b>0.1</b>	<b>(0.2)</b>
Attributable tax credit	0.2	0.1
<b>Profit/(loss) after tax pre-exceptional items</b>	<b>0.3</b>	<b>(0.1)</b>
Exceptional items (see note 9)	(10.6)	(24.4)
Attributable tax credit	1.8	0.4
<b>Loss from discontinued operations</b>	<b>(8.5)</b>	<b>(24.1)</b>

#### (b) Assets and liabilities of units held for sale

At 27 August 2009 four units were classified as held for sale.

The major classes of assets and liabilities comprising the units classified as held for sale were as follows:

	27 August 2009	28 August 2008	26 February 2009
	£m	£m	£m
Property, plant and equipment	2.3	6.8	2.3
Inventories	-	0.1	-
Trade and other receivables	0.1	0.3	0.1
Cash and cash equivalents	-	-	-
Total assets classified as held for sale	2.4	7.2	2.4
Trade and other payables	(0.2)	(0.4)	(0.1)
Deferred income	-	(0.1)	-
Obligations under finance leases	-	-	-
Provisions	(3.7)	(4.8)	(5.8)
Deferred tax liabilities	(0.1)	(0.1)	(0.1)
Total liabilities classified as held for sale	(4.0)	(5.4)	(6.0)
Net (liabilities) / assets classified as held for sale	(1.6)	1.8	(3.6)

## Notes to the condensed consolidated financial information (continued)

for the half year ended 27 August 2009

### 11 Cash flow from operating activities and reconciliation of movement in net debt

A reconciliation of net cash inflow from operations is provided below:

	Half year ended 27 August 2009 £m	Half year ended 28 August 2008 £m
(Loss) / profit before taxation – continuing operations	(0.3)	3.4
Loss before taxation – discontinued operations	(10.5)	(24.6)
<b>(Loss) / profit before taxation</b>	<b>(10.8)</b>	<b>(21.2)</b>
Depreciation and amortisation	11.8	12.3
Amortisation of lease premiums	0.1	0.1
Amortisation of issue costs on bank loan	0.1	0.1
Impairment of property, plant and equipment	1.7	3.4
Impairment of goodwill	-	0.7
Impairment of lease premiums	1.8	-
Impairment of investment in associate	3.6	24.1
Movement in exceptional accrued costs and provisions	5.0	(2.2)
Loss / (profit) on sale of property, plant and equipment	0.3	(0.7)
Loss on sale of motor vehicles (non-exceptional)	-	0.1
Loss on disposal of intangible assets	-	0.1
Non-cash charges for share-based payments	0.2	0.3
Net finance costs	3.0	4.0
	<b>16.8</b>	21.1
Increase in inventories	(0.3)	(0.2)
Increase in receivables	(4.2)	(3.2)
(Decrease) / increase in trade and other payables	(6.1)	5.0
Decrease in provisions	(0.4)	(4.8)
<b>Net cash inflow from operations</b>	<b>5.8</b>	<b>17.9</b>

The movement in net debt during the half year is analysed as follows:

	26 February 2009 £m	Cash flow £m	27 August 2009 £m
Cash and cash equivalents	27.9	17.5	45.4
Loans due in more than 1 year	(170.0)	20.0	(150.0)
Cash net debt	(142.1)	37.5	(104.6)
Finance leases	(7.9)	-	(7.9)
Net debt	(150.0)	37.5	(112.5)

### 12 Property, plant and equipment

During the half year the Group acquired £2.5m (half year ended 28 August 2008: £26.7m) of assets and disposed of £0.6m (half year ended 28 August 2008: £0.1m) of assets. £11.2m (half year ended 28 August 2008: £12.1m) of depreciation was charged in the half year, and an impairment provision of £1.7m (half year ended 28 August 2008: £3.3m) was recognised.

## Notes to the condensed consolidated financial information (continued)

for the half year ended 27 August 2009

### 13 Borrowings and loans

Amounts falling due after more than one year were as follows:

	27 August 2009 £m	28 August 2008 £m	26 February 2009 £m
<i>Non-current:</i>			
Bank loan	150.0	165.0	170.0
Issue costs	(0.2)	(0.4)	(0.3)
	<b>149.8</b>	164.6	169.7

The movements in bank loans were analysed as follows:

	£m
Opening amount as at 29 February 2008	144.5
Additional drawdowns	20.0
Issue costs amortisation	0.1
<b>Closing amount as at 28 August 2008</b>	<b>164.6</b>
Opening amount as at 27 February 2009	169.7
Repayment of borrowings	(20.0)
Issue costs amortisation	0.1
<b>Closing amount as at 27 August 2009</b>	<b>149.8</b>

### 14 Contingent assets and contingent liabilities

On 27 May 2009 the Group completed on the final company of five individual companies disposed to Cavendish Bars Limited. As part of the transaction the Group has entered into a six month indemnity, capped at £0.7m, in favour of Cavendish Bars Limited in respect of unforeseen liabilities covered by the warranties. As at 27 August 2009, the Group are not aware of any expected claims on this indemnity and as a result, costs associated with this indemnity have not been accrued.

On 10 July 2009 the Group provided a guarantee for £2m on behalf of The 3D Entertainment Group in relation to a bank loan. The loan is secured over the assets of The 3D Entertainment Group and as such, the Group would expect to recover any monies called upon following realisation of value from these assets.

The Group is currently pursuing a case against HM Revenue and Customs in respect of VAT of £5.1m (2008: £5.1m) that is believed to have been overpaid. No receivable has been recognised for these amounts due to the uncertainty of any recovery.

## **Notes to the condensed consolidated financial information (continued)**

for the half year ended 27 August 2009

### **15 Related party transactions**

The Group incurred costs of £6.4m (half year ended 28 August 2008: £5.1m) from Eminence Leisure Limited, which is an associate of the Group, in respect of entertainment acts and bookings, of which £nil (28 August 2008: £0.5m) remained outstanding at the half year end.

On 19 January 2007 the Group sold certain trade and assets of its units to The 3D Entertainment Group Limited. Post completion a transitional services agreement was put in place between the Group and The 3D Entertainment Group Limited (an associate of the Group) for the provision of certain services. £0.7m (half year ended 28 August 2008: £0.7m) of income has been credited within administrative expenses in relation to the provision of these services. Of the amount recognised, £0.7m remained outstanding at the half year end. A further £0.1m remains outstanding in relation to income booked in the year ended 26 February 2009. At 27 August 2009 £23.6m (28 August 2008: £21.9m) was also owed to the Group in relation to the loan note and accrued interest, and £0.2m (28 August 2008: £0.1m) was owed in respect of capital amounts and other recharges.

During the half year, the Group recognised income of £nil (half year ended 28 August 2008: £0.1m) from Lucien Barriere for costs incurred relating to the Waterimage Limited joint venture. Of the amount recognised £nil (28 August 2008: £0.1m) remained outstanding at the half year end.