

# Luminar Group Holdings

Condensed consolidated financial information for the half year ended 28 August 2008

## **Results in line, strategy on track; cash generative business**

**30 October 2008**

As at 28 August 2008, Luminar operated 96 high quality destination nightclubs predominately under the brands of Oceana (12), Liquid (35), Lava & Ignite (8) and Life (2). It also operated 28 high quality unbranded clubs and 11 non-core clubs.

### **Operational**

- Strategy remains on track to deliver the optimal shape of 110 units during financial year 2011;
- Rollout of key brands has continued - six new venues opened and 12 refurbishments during the half year. New investments are performing well;
- Key performance indicators remain on track to meet or exceed three year targets.

### **Financial**

- Results in line with management's expectations.
- Sales
  - Continuing revenue (91 units) reduced to £94.3m (2007: £97.9m) largely as a result of our rolling refit programme with 12 units closed during the half year;
  - Dancing revenue improved to £91.0m (2007: £90.7m). Like-for-like dancing sales down 1.9%, but like-for-like branded dancing sales up 2.8%, with Oceana like-for-like sales up 11.9% and Liquid up 0.5%.
- Cash and profit
  - EBITDA from continuing operations before exceptional items of £24.7m;
  - Profit before tax from continuing operations before exceptional items of £8.4m;
  - Basic EPS from continuing operations before exceptional items of 9.7 pence per share.
- Dividends
  - Maintained interim dividend of 5.37 pence per share.
- Strong balance sheet
  - Cash net debt of £159.1m, which is anticipated to reduce to February 2008 year end level by the 2009 year end.

➤ Statutory figures

- Loss after tax from total operations (continuing and discontinued operations) of £22.4m due to a non-cash write down of investment in the former associate of £24.1m;
- Basic loss per share of 36.8 pence per share.

**Current Trading and outlook**

- Dancing Division like-for-like sales down 5.2% for the eight weeks to 22 October 2008;
- Branded dancing like-for-like sales down 2.7% for the same period;
- Most profitable trading period ahead with 12 new branded units and a refreshed unbranded estate;
- Resilient core market in 18 – 24 year olds;
- £2.5m from cost saving programme with completion of this year's capital expenditure will further support performance in second half;
- Well positioned to capitalise on forthcoming Christmas.

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

*“Luminar is performing well and in line with our expectations, but the result for the year will, as ever, depend on the important Christmas trading period. Our customer base is young, vibrant and entertainment is socially very important to them. Therefore, we operate in a resilient part of the market.*

*Luminar is in excellent shape. We have an experienced management team, a balanced portfolio of modern clubs which are performing well and we have a strong balance sheet.”*

**30 October 2008**

**Enquiries**

**Luminar Group Holdings plc**

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## Interim management report

Luminar Group Holdings plc today presents its unaudited results for the half year ended 28 August 2008.

Luminar continues to consolidate its position as the leader within the late night entertainment market and sharpen its focus on operating its high quality estate of Oceana, Liquid and Lava & Ignite brands. The consumer market is extremely tough, but management expect the consolidation and reduction in supply in the marketplace to strengthen its competitive position further.

Significant progress has been made towards achieving our strategy of creating an optimal business of 110 high quality venues during FY2011. Seven new branded units have been opened to date since the prior year end. The Board is focused on delivering its clear plan and strives to achieve consistently high returns for shareholders.

Luminar remains extremely cash generative and is in the third year of a three year programme of enhancing shareholder returns. Luminar continues to be financially strong and asset-backed and will continue to finance its development through its existing strong cash flow and banking facilities. The Group had £20.9m of headroom in relation to its debt facilities at 28 August 2008, which do not need to be renegotiated until 2012.

The Group's strategy remains clearly focused around three key streams (maintaining momentum towards the 2011 business structure, improving our operational effectiveness and improving our financial effectiveness) to create enhanced shareholder value.

### Results and segmental performance

Comparative income statement and cash flow information has been reclassified at the balance sheet date to reflect the composition of the operations and their segments as at these dates.

The performance of each business division within continuing operations is set out below:

	Units	Revenue		Revenue per unit		EBITDA *		Profit / (loss) from operations *				Profit / (loss) from operations per unit *	
	28 August 2008	2008	2007 **	2008	2007 **	2008	2007	2008		2007 **		2008	2007 **
	No.	£m	£m	£'000	£'000	£m	£m	£m	%	£m	%	£'000	£'000
Dancing	85	91.0	90.7	1,071	1,067	29.3	31.1	18.6	20.4	22.2	24.5	219	261
Non-core	6	3.3	7.2	550	1,200	0.2	1.3	(0.2)	(6.1)	0.8	11.1	(33)	133
<b>Continuing operations *</b>	<b>91</b>	<b>94.3</b>	97.9	<b>1,036</b>	1,076	29.5	32.4	18.4	19.5	23.0	23.5	<b>202</b>	253

\* Pre-exceptional items, central costs, net finance costs, loss from associate and tax  
 \*\* Reclassified for composition of the operations and their segments as at 28 August 2008

Revenue from continuing operations was down £3.6m (or 3.7%) to £94.3m (2007: £97.9m), due to a reduced contribution from non-core units and the disruptive effect of an extensive rolling refit programme.

Gross margin from continuing operations has improved slightly to 83.6% (2007: 83.5%), despite price promotions in specific venues, due to successful management actions and gross margin initiatives.

Continuing administrative expenses from trading operations pre-exceptional items were £66.4m (2007: £65.1m), up £1.3m, or 2.0%, on the comparative half year. This was predominately due to a £1.7m higher depreciation charge relating to continuing operations, higher other direct costs and higher fixed costs, offset by lower employee costs due to tighter employee cost control. Management are pleased to report that central costs have reduced by 6.3% to £6.0m (2007: £6.4m). The benefit of management's cost saving initiatives during the first half of the year will come through fully in the second half of the year.

The Group remains focused on reducing the central cost base from £21.4m, reported in the year ended 2 March 2006. As reported in the year ended 28 February 2008 annual report, £8.0m of savings from total operations (continuing and discontinued operations) had been achieved to date against an initial target of £6.0m over three years. During the half year a further reduction of £0.6m has been achieved from total operations, bringing the total savings to £8.6m over 30 months.

Earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations pre-exceptional items, were £24.7m, down £2.4m from the comparative half year (2007: £27.1m). £1.8m of this reduction related to the Dancing Division and £1.1m related to the Non-Core Division. This has been partially offset by £0.5m lower central costs.

Net finance costs (excluding exceptional finance costs) relating to continuing operations were up £2.7m from the comparative half year at £4.0m (2007: £1.3m), as a result of higher average net debt levels and a slightly higher effective interest rate.

Profit before tax from continuing operations pre-exceptional items was down £5.0m to £8.4m (2007: £13.4m) for the reasons explained above. Basic earnings per share from continuing operations pre-exceptional items was down 38.2% to 9.7 pence per share (2007: 15.7 pence per share).

As a result of holding the investment in the former associate (The 3D Entertainment Group Limited – “3DE”) for sale, the investment is no longer equity accounted for and hence the Group has not recognised its share of the post-tax results of the associate for the half year (2007: £1.9m loss). 3DE has recently renegotiated its banking facilities to include a £2.0m overdraft, which is renegotiable in six months time, and a £8.0m term loan, which matures in two years and broadly equates to one times EBITDA.

During the half year the Group recognised exceptional items from continuing operations before taxation of £5.0m (2007: £2.7m). The majority of this charge, £3.3m, related to the write off of older assets which were considered to be no longer of use to the unit following recent refurbishment. A more detailed breakdown of exceptional items can be found in note 9.

This has resulted in a profit before tax from continuing operations post-exceptional items of £3.4m (2007: £10.7m).

## **Dancing**

During the half year the Group continued to transform its underlying business to a more focused branded destination dancing business. There were six branded openings (two Oceanas, three Liquids and one Lava & Ignite) during the half year, bringing the branded portfolio to 57 units consisting of 12 Oceanas, 35 Liquids, eight Lava & Ignites and two Life clubs. Since the half year end, another branded unit, Oceana Watford, has opened.

Continuing sales from the Dancing Division have increased compared to the prior half year to £91.0m (2007: £90.7m). Branded dancing units have continued to perform strongly with continuing sales up 4.3% to £69.9m (2007: £67.0m).

Like-for-like sales within the Dancing Division were down 1.9%, but up 2.8% for branded dancing, with like-for-like sales growth of 11.9% and 0.5% for the Oceana and Liquid brands respectively.

Gross profit within the Dancing Division has increased by £0.3m to £76.1m (2007: £75.8m), which represented a consistent gross margin of 83.6% (2007: 83.6%).

Profit from dancing operations pre-exceptional items was down by £3.6m to £18.6m (2007: £22.2m). This was due to an increase in other direct costs and fixed costs of £1.5m and £2.7m respectively, offset by an increase in gross profit of £0.3m and a reduction in employee costs of £0.3m. The increase in other direct costs was mainly due to increases in repairs and

maintenance and live entertainment costs. The increase in fixed costs was mainly attributable to a £1.8m increase in depreciation and carrying the closure costs of certain units whilst undergoing re-branding.

The factors above also explain the reduction in EBITDA from continuing operations pre-exceptional items for the Dancing Division of £1.8m to £29.3m (2007: £31.1m).

### **Non-core**

The non-core units reported within continuing operations include three trading units and three closed units. A further five closed units were reported within discontinued operations, since these units were held for sale.

Continuing sales from the Non-core Division were down £3.9m to £3.3m (2007: £7.2m). This division carries the cost of units undergoing development until they are re-opened. The loss from non-core units within continuing operations pre-exceptional items was £0.2m (2007: profit £0.8m).

### **Discontinued operations**

The loss before tax from discontinued operations pre-exceptional items was £1.1m lower at £0.2m loss (2007: £1.3m loss), due to disposals.

During the half year the Group recognised exceptional items from discontinued operations before taxation of £24.4m (2007: £2.0m). The majority of this charge, £24.1m, related to a non-cash impairment of the investment held in the former associate, The 3D Entertainment Group Limited, to its estimated realisable value. This impairment reflects the Board's commitment to dispose of this investment in the short-term and as a result, reflects the difference between management's latest estimate of the recoverable value of the investment and its carrying value, due to the lower trading multiples which are currently being experienced in the market.

### **Cash flow and net debt**

Net cash inflow from operations for the half year increased by £0.4m to £17.9m (2007: £17.5m). Cash flow from operating activities was down by £1.9m to £12.9m (2007: £14.8m), due to higher finance costs. Net cash outflows from investing activities have increased by £7.1m to £25.6m (2007: £18.5m), due to the purchase of property, plant and equipment of £28.5m, compared to £21.5m in the comparative half year. This was due to the accelerated capital expenditure programme in the first half year, with all but two rebrands planned for the full year having taken place.

Cash flows from financing activities for the half year were an inflow of £11.5m (2007: £0.1m outflow), due to a £20.0m drawdown of the loan facility during the half year offset by a £8.5m outflow for the dividend paid. This is compared to a net drawdown of £26.0m (post-issue costs) of the loan facility during the prior half year, less an outflow of £17.6m for the purchase of shares and £8.5m outflow for the dividend paid.

Luminar has total banking facilities of £180.0m (which includes a £5.0m overdraft facility), which will not need to be renegotiated until 2012 and £140.0m of these facilities are hedged at an average interest rate of 6.3%. As noted above, during the half year a further £20.0m was drawn down from the facility of £180.0m, bringing the total drawdown at the half year end to £165.0m. At 28 August 2008 the level of cash net debt was £159.1m and subsequent to the half year end, a further £5.0m was drawn down.

Cash net debt is expected to reduce over the second half to levels similar to those at the start of the financial year, as the development programme has been substantially completed in the first half of the year. In addition to the £180.0m facility, the Group has a committed facility of £15.0m with the bank to help fund the development programme. None of this had been drawn down at the half year end. This strengthens Luminar's position further.

### **Dividend**

During the half year, the final dividend for the year ended 28 February 2008 of £8.5m was paid.

The Board has proposed to maintain the interim dividend at 5.37 pence per share.

### **Current trading and outlook**

Luminar is well positioned with excellent venues and a strong freehold asset base (last valued at £180.0m in May 2008). Luminar has a focused and experienced management team, whose actions to drive footfall and cost base initiatives have been successful. The contractions in the supply of the late night entertainment venues are strengthening Luminar's competitive and financial position further.

Like-for-like sales from continuing operations within the Dancing Division for the eight weeks to 22 October 2008 were down 5.2%. Branded dancing like-for-like sales were down 2.7%. The eight weeks since the end of August have been characterised by an unusually late return by Universities and Colleges, which has resulted in lower footfall than is normal for this period. £2.5m from our cost saving programme together with the completion of the whole of this year's capital expenditure during the first half, will combine to further support our performance in the second half.

Luminar enters the Christmas trading period with 12 additional branded venues compared with the same time last year and also with its unbranded estate markedly refreshed through investment. Luminar's core 18 to 24 year old customer segment is expected to remain more resilient, and steps will be taken to further stimulate footfall through our units during this important period. Therefore Luminar is well positioned to capitalise on the forthcoming Christmas season.

### **Related parties**

Related party transactions are disclosed in note 16 of this financial information.

### **Principal risks and uncertainties**

The principal risks 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 analysis can be found in the 2008 Annual Report.

#### *Economic downturn*

The Group is competing for a share of the disposable income of its target customers so revenue could be vulnerable to the impact of any economic downturn. Some leisure businesses and high-street retailers are seeing downturns in business due to reduced consumer spending. However, rising spend per head and improving occupancy rates in many of our units indicate that the business is better placed than other businesses to cope with a downturn. While it seems that global market conditions (the 'credit crunch') are affecting market confidence and consumer spending patterns, the quality of our units and the financial strength of the Group will continue to give the business an edge over other late night operators, some of whom will not survive in more difficult trading conditions. We will continue to monitor the impact on the business of the general downturn in the economy.

### *Seasonality and weather*

The number of admissions in the Group's venues is considerably increased during holiday periods, especially Christmas and New Year, and over bank holiday periods. Similarly the admissions and revenue levels are generally lower in the early months of the calendar year and over the summer, compared to during the autumn and spring periods. The Group's revenues can also be adversely impacted by extremes of weather conditions, which could deter customers from visiting the Group's venues. Current planning assumes average seasonal weather conditions.

### **Forward-looking statements**

Certain statements in this consolidated financial information for the half year ended 28 August 2008 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.

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By order of the Board,

Stephen Thomas  
29 October 2008  
Chief Executive

Nick Beighton  
29 October 2008  
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 28 February 2008, with the exception of Richard Brooke, who retired on 30 May 2008. 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  
29 October 2008  
Chief Executive

Nick Beighton  
29 October 2008  
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 28 August 2008 which comprises 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 28 August 2008 and considered whether it contains any apparent misstatements or material inconsistencies with the condensed consolidated financial information. The other information does not include the appendices to the condensed consolidated financial information for the half year ended 28 August 2008.

### **Directors' responsibilities**

The condensed consolidated financial information for the half year ended 28 August 2008 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 28 August 2008 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 28 August 2008 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 28 August 2008 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.

PricewaterhouseCoopers LLP  
Chartered Accountants  
St Albans  
29 October 2008

*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 28 August 2008

	Half year ended 28 August 2008 (unaudited)			Half year ended 30 August 2007 (unaudited) reclassified **			
	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	94.3	-	94.3	97.9	-	97.9
Cost of sales		(15.5)	-	(15.5)	(16.2)	-	(16.2)
<b>Gross profit</b>		<b>78.8</b>	<b>-</b>	<b>78.8</b>	<b>81.7</b>	<b>-</b>	<b>81.7</b>
Administrative expenses		(66.4)	(4.1)	(70.5)	(65.1)	(1.3)	(66.4)
<b>Profit / (loss) from trading operations</b>		<b>12.4</b>	<b>(4.1)</b>	<b>8.3</b>	<b>16.6</b>	<b>(1.3)</b>	<b>15.3</b>
Exceptional items relating to the closure of properties		-	(0.9)	(0.9)	-	(0.9)	(0.9)
<b>Profit / (loss) from operations *</b>	4	<b>12.4</b>	<b>(5.0)</b>	<b>7.4</b>	<b>16.6</b>	<b>(2.2)</b>	<b>14.4</b>
Finance income	5	0.9	-	0.9	1.1	-	1.1
Finance costs	5	(4.9)	-	(4.9)	(2.4)	(0.5)	(2.9)
Loss from associates		-	-	-	(1.9)	-	(1.9)
<b>Profit / (loss) before taxation</b>		<b>8.4</b>	<b>(5.0)</b>	<b>3.4</b>	<b>13.4</b>	<b>(2.7)</b>	<b>10.7</b>
Tax on profit / (loss)	6	(2.5)	0.8	(1.7)	(2.6)	1.0	(1.6)
<b>Profit / (loss) for the period from continuing operations attributable to equity shareholders</b>		<b>5.9</b>	<b>(4.2)</b>	<b>1.7</b>	<b>10.8</b>	<b>(1.7)</b>	<b>9.1</b>
Loss from discontinued operations ***	10	(0.1)	(24.0)	(24.1)	(0.4)	(1.9)	(2.3)
<b>(Loss) / profit for the period attributable to equity shareholders</b>		<b>5.8</b>	<b>(28.2)</b>	<b>(22.4)</b>	<b>10.4</b>	<b>(3.6)</b>	<b>6.8</b>
<b>Earnings per share from continuing and discontinued operations</b>	8						
Basic				(36.8p)			9.9p
Diluted				(36.5p)			9.8p

\* The profit / (loss) from operations is stated after central costs of £6.2m post-exceptional items (half year ended 30 August 2007: £7.2m)

\*\* Reclassified for composition of the operations and their segments as at 28 August 2008

\*\*\* The loss is stated after tax

## Consolidated Balance Sheet

As at 28 August 2008

	Note	28 August 2008 (unaudited) £m	30 August 2007 (unaudited) £m	28 February 2008 (audited) £m
<b>Non-current assets</b>				
Goodwill		171.9	176.1	172.6
Other intangible assets		2.8	1.9	2.3
Property, plant and equipment		325.8	312.1	314.6
Other non-current assets		4.0	5.5	4.1
Investment in associate		-	28.4	-
Trade and other receivables		21.9	20.3	21.1
		526.4	544.3	514.7
<b>Current assets</b>				
Inventories		2.5	2.4	2.3
Trade and other receivables		11.0	12.0	7.6
Cash and cash equivalents		5.9	10.9	7.0
		19.4	25.3	16.9
Assets classified as held for sale	10	7.2	8.3	10.3
Investment in associate held for sale		3.6	-	27.7
<b>Total current assets held for sale</b>		<b>10.8</b>	<b>8.3</b>	<b>38.0</b>
<b>Total current assets</b>		<b>30.2</b>	<b>33.6</b>	<b>54.9</b>
<b>Total assets</b>		<b>556.6</b>	<b>577.9</b>	<b>569.6</b>
<b>Current liabilities</b>				
Trade and other payables		(23.4)	(27.5)	(21.5)
Current tax liabilities		(40.9)	(35.7)	(38.2)
Deferred income		(0.5)	(0.5)	(0.5)
Provisions		(2.9)	(3.4)	(1.9)
		(67.7)	(67.1)	(62.1)
Liabilities classified as held for sale	10	(5.4)	(5.4)	(11.1)
		(73.1)	(72.5)	(73.2)
<b>Net current liabilities</b>		<b>(42.9)</b>	<b>(38.9)</b>	<b>(18.3)</b>
<b>Total assets less current liabilities</b>		<b>483.5</b>	<b>505.4</b>	<b>496.4</b>
<b>Non-current liabilities</b>				
Borrowings and loans	14	(164.6)	(99.5)	(144.5)
Derivative financial instruments		(1.5)	-	(2.7)
Deferred income		(6.5)	(7.0)	(6.7)
Obligations under finance leases		(7.9)	(7.9)	(7.9)
Provisions		(0.7)	(3.5)	(1.5)
Deferred tax liabilities		(23.8)	(27.1)	(25.2)
		(205.0)	(145.0)	(188.5)
<b>Net assets</b>		<b>278.5</b>	<b>360.4</b>	<b>307.9</b>
<b>Capital and reserves</b>				
Share capital		134.2	17.0	134.2
Share premium		-	60.4	-
Capital reserve		-	2.3	-
Capital redemption reserve		29.8	1.3	29.8
Merger reserve		-	235.3	-
Equity reserve		1.2	0.4	1.2
Retained earnings		113.3	43.7	142.7
<b>Shareholders' equity</b>		<b>278.5</b>	<b>360.4</b>	<b>307.9</b>

**Consolidated Cash Flow Statement**  
for the half year ended 28 August 2008

	Note	Half year ended 28 August 2008 (unaudited) £m	Half year ended 30 August 2007 (unaudited) £m
<b>Cash flows from operating activities</b>			
Net cash inflow from operations	11	17.9	17.5
Finance costs paid		(5.0)	(2.7)
		<b>12.9</b>	<b>14.8</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(28.5)	(21.5)
Purchase of intangible assets		(0.8)	(0.4)
Net proceeds from sale of property, plant and equipment		3.6	5.5
Acquisition of business unit		-	(2.2)
Payment associated with surrender of leases		-	(0.2)
Finance income received		0.1	0.3
		<b>(25.6)</b>	<b>(18.5)</b>
<b>Cash flows from financing activities</b>			
Repayment of long-term borrowings		-	(90.0)
Drawdown of old facility		-	16.7
Drawdown of new facility (post-issue costs)		20.0	99.5
Issue costs paid from share premium account		-	(0.2)
Repurchase of shares		-	(14.9)
Purchase of shares through Luminar plc Employee Trust		-	(2.7)
Dividends paid	7	(8.5)	(8.5)
		<b>11.5</b>	<b>(0.1)</b>
Net decrease in cash and cash equivalents		<b>(1.2)</b>	<b>(3.8)</b>
Cash and cash equivalents at beginning of period		<b>7.1</b>	<b>14.7</b>
Cash and cash equivalents at end of period		<b>5.9</b>	<b>10.9</b>

**Net Debt Statement**

for the half year ended 28 August 2008

	Note	Half year ended 28 August 2008 (unaudited) £m	Half year ended 30 August 2007 (unaudited) £m	Year ended 28 February 2008 (audited) £m
Net decrease in cash in the period / year		1.2	3.8	7.6
Non-cash changes:				
- movement in finance lease liabilities		-	(0.1)	(0.9)
- issue costs on new bank facility		-	0.5	0.5
Cash inflow from increases in debt (post-issue costs)		20.0	116.2	161.2
Cash outflow from repayment of debt		-	(90.0)	(90.0)
Movement in net debt in the period / year		<b>21.2</b>	<b>30.4</b>	<b>78.4</b>
Opening net debt		<b>145.8</b>	<b>67.4</b>	<b>67.4</b>
Closing net debt	11	<b>167.0</b>	<b>97.8</b>	<b>145.8</b>

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

for the half year ended 28 August 2008

	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 2 March 2007	17.5	61.0	2.3	0.8	235.3	0.4	61.5	378.8
Profit for the period	-	-	-	-	-	-	6.8	6.8
Share buy-backs	(0.5)	-	-	0.5	-	-	(13.4)	(13.4)
Issue costs	-	(0.6)	-	-	-	-	-	(0.6)
Purchase of shares through Luminar plc Employee Trust	-	-	-	-	-	-	(2.7)	(2.7)
Dividends paid (note 7)	-	-	-	-	-	-	(8.5)	(8.5)
<b>Carried forward at 30 August 2007</b>	<b>17.0</b>	<b>60.4</b>	<b>2.3</b>	<b>1.3</b>	<b>235.3</b>	<b>0.4</b>	<b>43.7</b>	<b>360.4</b>
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)
<b>Carried forward at 28 August 2008</b>	<b>134.2</b>	<b>-</b>	<b>-</b>	<b>29.8</b>	<b>-</b>	<b>1.2</b>	<b>113.3</b>	<b>278.5</b>

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

for the half year ended 28 August 2008

### **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 28 August 2008 was approved for issue on 29 October 2008.

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 28 February 2008 were approved by the Board of Directors on 14 May 2008 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 28 August 2008 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 28 February 2008, which have been prepared in accordance with IFRSs as adopted by the European Union.

On 19 October 2007 Luminar Group Holdings plc replaced Luminar plc as the listed holding company for the Group and undertook a Scheme of Arrangement in order to create sufficient distributable reserves to facilitate its plans for returning cash to shareholders. The condensed consolidated financial information for the prior period comparatives presented include the results of the Group from 2 March 2007 to 30 August 2007 (for the interim income statement and cash flow) or 28 February 2008 (for the full year balance sheet), as merger accounting has been adopted and there is no change to the ultimate controlling shareholders of the Group.

### **3 Accounting policies**

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 28 February 2008, 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 29 February 2008.

IFRIC 12, *Service concession arrangements*. Management do not expect this interpretation to have any impact on the Group.

IFRIC 14, *IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction*. This is not applicable to the Group, as it operates a defined contribution pension scheme.

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

for the half year ended 28 August 2008

### 3 Accounting policies (continued)

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 29 February 2008 and have not been early adopted:

IFRS 8, *Operating segments*, effective for annual periods beginning on or after 1 January 2009. IFRS 8 replaces IAS 14, *Segment reporting*, and requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The expected impact is still being assessed in detail, but management do not currently foresee any significant changes to the Group's business segments.

IAS 23 (amendment), *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 will have no impact on the Group as these borrowing costs are already being capitalised.

IFRS 2 (amendment), *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. Management do not expect this standard to have an impact on the Group's accounting for the existing share option schemes.

IFRS 3 (amendment), *Business combinations*, and consequential amendments to IAS 27, *Consolidated and separate financial statements*, IAS 28, *Investments in associates* and IAS 31, *Interests in joint ventures*, effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation, associates and joint ventures on the Group.

IAS 1 (amendment), *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 will only affect the disclosure of items within the Group financial statements.

IAS 32 (amendment), *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. Management do not expect this standard to have any impact on the Group.

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

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

for the half year ended 28 August 2008

**4 Segmental information**

The Group is principally engaged as owner, developer and operator of nightclubs and themed bars in the UK.

For management purposes, the Group is organised into two main business divisions – Dancing and Non-core.

Comparative income statement and cash flow information for the half year ended 30 August 2007 has been reclassified to reflect the composition of the divisions at the balance sheet date. Segmental information about these business divisions is presented below:

**Half year ended 28 August 2008**

	Dancing £m	Non-core £m	Central costs £m	Consolidated £m
<b>Total revenue</b>	91.0	3.3	-	<b>94.3</b>
<b>Profit / (loss) from operations pre-exceptional items</b>	18.6	(0.2)	(6.0)	<b>12.4</b>
Exceptional items	-	(4.8)	(0.2)	<b>(5.0)</b>
<b>Segment result</b>	18.6	(5.0)	(6.2)	<b>7.4</b>
Net finance costs				<b>(4.0)</b>
<b>Profit before taxation</b>				<b>3.4</b>
Tax on continuing operations				<b>(1.7)</b>
<b>Profit for the period from continuing operations attributable to equity shareholders</b>				<b>1.7</b>
Loss from discontinued operations pre-exceptional items	-	(0.2)	-	<b>(0.2)</b>
Exceptional items	-	0.3	(24.7)	<b>(24.4)</b>
(Loss) / profit from discontinued operations before tax	-	0.1	(24.7)	<b>(24.6)</b>
Tax on discontinued operations				<b>0.5</b>
<b>Loss from discontinued operations</b>				<b>(24.1)</b>
<b>Loss for the period attributable to equity shareholders</b>				<b>(22.4)</b>

**Notes to the condensed consolidated financial information (continued)**  
for the half year ended 28 August 2008

**4 Segmental information (continued)**

**Half year ended 30 August 2007 (reclassified)**

	Dancing £m	Non-core £m	Central costs £m	Consolidated £m
<b>Total revenue</b>	90.7	7.2	-	<b>97.9</b>
<b>Profit / (loss) from operations pre-exceptional items</b>	22.2	0.8	(6.4)	<b>16.6</b>
Exceptional items	(0.5)	(0.9)	(0.8)	<b>(2.2)</b>
Exceptional finance cost	-	-	(0.5)	<b>(0.5)</b>
<b>Segment result</b>	21.7	(0.1)	(7.7)	<b>13.9</b>
Net finance costs				<b>(1.3)</b>
Loss from associate				<b>(1.9)</b>
<b>Profit before taxation</b>				<b>10.7</b>
Tax on continuing operations				<b>(1.6)</b>
<b>Profit for the period from continuing operations attributable to equity shareholders</b>				<b>9.1</b>
Loss from discontinued operations pre-exceptional items	-	(1.1)	(0.2)	<b>(1.3)</b>
Exceptional items	-	(1.7)	(0.3)	<b>(2.0)</b>
Loss from discontinued operations before tax	-	(2.8)	(0.5)	<b>(3.3)</b>
Tax on discontinued operations				<b>1.0</b>
<b>Loss from discontinued operations</b>				<b>(2.3)</b>
<b>Profit for the period attributable to equity shareholders</b>				<b>6.8</b>

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

for the half year ended 28 August 2008

### 5 Net finance costs

Net finance costs relating to continuing operations were as follows:

	Half year ended 28 August 2008 £m	Half year ended 30 August 2007 £m
Interest payable on bank borrowings	(4.8)	(2.5)
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	(5.1)	(2.8)
Less amounts capitalised in the cost of qualifying assets	0.2	0.4
<b>Finance costs</b>	<b>(4.9)</b>	<b>(2.4)</b>
Income on bank deposits	0.1	0.3
Interest on loan to associate	0.8	0.8
<b>Finance income</b>	<b>0.9</b>	<b>1.1</b>
<b>Net finance costs</b>	<b>(4.0)</b>	<b>(1.3)</b>

\* For the half year ended 30 August 2007 this related to issue costs amortised on the previous loan facility, and excluded £0.5m of issue costs written off upon repayment of the bank loan. These costs have been classified as an exceptional finance cost item.

### 6 Tax on profit / (loss)

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

	Half year ended 28 August 2008 £m	Half year ended 30 August 2007 (reclassified) £m
<i>Current tax (charge) / credit</i>		
Continuing operations:		
- Current period	(2.8)	(3.2)
- Adjustments in respect of prior periods	-	2.2
Discontinued operations:		
- Current period	0.1	0.9
	(2.7)	(0.1)
<i>Deferred tax credit / (charge)</i>		
- Continuing operations	1.1	(0.6)
- Discontinued operations	0.4	0.1
	1.5	(0.5)
<i>Total taxation (charge) / credit</i>		
- Continuing operations	(1.7)	(1.6)
- Discontinued operations	0.5	1.0
	(1.2)	(0.6)

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 profits.

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

for the half year ended 28 August 2008

### 6 Tax on profit / (loss) (continued)

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 £2.5m (2007: £2.6m) was recognised against a continuing profit before taxation pre-exceptional items figure of £8.4m (2007: £15.3m pre-loss from associate). This gives an effective rate of 29.8% (2007: 17.0%), which is higher than the rate in the comparative period principally due to a £2.2m provision release in the prior half year, following management's reassessment of the likely outcome of open tax filings in relation to prior years. The post-tax loss from associate is shown within one line on the face of the income statement, and hence has been excluded from the effective rate calculation.

Without the provision release in the prior year, the effective rate would have been 31.4% which is broadly comparable with that for the current half year.

### 7 Dividends

	Half year ended 28 August 2008 £m	Half year ended 30 August 2007 £m
Ordinary shares - final dividend paid: 13.95 pence per share (30 August 2007: 12.32 pence per share)	8.5	8.5
	8.5	8.5

In addition, the Directors are proposing an interim dividend in respect of the current financial year ending 26 February 2009 of 5.37 pence per share (2007: 5.37 pence per share) which will absorb an estimated £3.3m (2007: £3.3m) of shareholders' funds. It is proposed that it will be paid on 9 January 2009 for shareholders on the register as at 5 December 2008 (ex-dividend date of 3 December 2008). This has not been included as a liability within this financial information in accordance with IAS 10, *Events after the balance sheet date*.

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

for the half year ended 28 August 2008

### 8 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 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 28 August 2008		
	Earnings £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>	<b>(22.4)</b>	<b>61.4</b>	<b>(36.5)</b>
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.

**Notes to the condensed consolidated financial information (continued)**  
for the half year ended 28 August 2008

**8 Earnings per share (continued)**

	Half year ended 30 August 2007		
	Earnings (reclassified) £m	Weighted average number of shares (in millions)	Per share amount (pence)
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	6.8	68.8	9.9
Effect of dilutive options and warrants	-	0.6	-
<b>Diluted EPS</b>	6.8	69.4	9.8
Basic EPS from continuing operations	9.1	68.8	13.2
Diluted EPS from continuing operations	9.1	69.4	13.1
Basic EPS from discontinued operations	(2.3)	68.8	(3.3)
Diluted EPS from discontinued operations	(2.3)	69.4	(3.3)
<b>EPS from continuing operations pre-exceptional items</b>			
Basic EPS from continuing operations pre-exceptional items	10.8	68.8	15.7
Diluted EPS from continuing operations pre-exceptional items	10.8	69.4	15.6

**Notes to the condensed consolidated financial information (continued)**  
for the half year ended 28 August 2008

**9 Exceptional items**

(a) Continuing operations

The Group incurred exceptional items on continuing operations as follows:

	<b>Half year ended 28 August 2008</b>	Half year ended 30 August 2007 (reclassified)
	£m	£m
<b>Exceptional items relating to trading</b>		
Impairment of property, plant and equipment	(3.3)	(0.5)
Impairment of goodwill	(0.7)	-
Costs relating to reorganisation and rationalisation	(0.1)	(0.8)
	<b>(4.1)</b>	<b>(1.3)</b>
<b>Exceptional items relating to the closure of properties</b>		
Net increase in provision for onerous lease commitments	(0.9)	(0.9)
<b>Exceptional items relating to finance costs</b>	-	(0.5)
<b>Pre-tax exceptional items relating to continuing operations</b>	<b>(5.0)</b>	<b>(2.7)</b>
<b>Tax on exceptional items</b>	<b>0.8</b>	<b>1.0</b>
<b>Post-tax exceptional items relating to continuing operations</b>	<b>(4.2)</b>	<b>(1.7)</b>

The exceptional items recognised within continuing operations have been split between those which relate to units associated with the ongoing trading of the Group, those which relate to the closure of units and those which relate to finance costs. The closed units were not actively marketed prior to the balance sheet date. As a result these units do not meet the criteria to be classified as held for sale, and therefore have been presented within continuing operations.

*(i) Exceptional items relating to trading*

The impairment of property, plant and equipment of £3.3m (half year ended 30 August 2007: £0.5m) on trading units reflects the write off of older assets which were considered to be no longer of use to the unit following recent refurbishment.

The impairment of goodwill of £0.7m has arisen within the non-core segment following an impairment test to compare the carrying value of the cash generating units to their recoverable value (their value in use). The need to carry out an impairment test was triggered due to the reduction in profit contribution from the non-core segment. A similar test was performed for the units within the dancing segment, and no impairment was indicated.

*(ii) Exceptional items relating to the closure of properties*

Net charges arising from onerous lease commitments of £0.9m (half year ended 30 August 2007: £0.9m) were made to recognise the obligation for rent, rates and other property related holding costs on currently vacant or closed units, where the likelihood of assignment of the lease or sub-let of the property is unlikely in the short-term. These units were closed or vacant due to them being unprofitable and unsuitable for re-branding.

**Notes to the condensed consolidated financial information (continued)**  
for the half year ended 28 August 2008

**9 Exceptional items (continued)**

(b) Discontinued operations

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

	<b>Half year ended 28 August 2008</b>	Half year ended 30 August 2007 (reclassified)
	£m	£m
Impairment of investment in associate	(24.1)	-
Impairment of property, plant and equipment	(0.1)	(1.0)
Net increase in provision for onerous lease commitments	(0.3)	(0.5)
Realised profit / (loss) on disposals	0.7	(0.1)
Costs relating to reorganisation and rationalisation	(0.6)	(0.4)
<b>Pre-tax exceptional items relating to discontinued operations</b>	<b>(24.4)</b>	<b>(2.0)</b>
<b>Tax on exceptional items</b>	<b>0.4</b>	<b>0.1</b>
<b>Post-tax exceptional items relating to discontinued operations</b>	<b>(24.0)</b>	<b>(1.9)</b>

During the half year a non-cash impairment of £24.1m has been recognised against the carrying value of the investment held in The 3D Entertainment Group Limited. This impairment reflects the Board's commitment to dispose of this investment in the short-term and as a result, reflects the difference between management's latest estimate of the recoverable value of the investment and its carrying value, due to the lower trading multiples which are currently being experienced in the market.

During the half year, property, plant and equipment (within assets held for sale) with a net book value of £2.8m was disposed of for £3.6m of sales proceeds. This created a £0.7m profit on disposal, after £0.1m of transaction costs.

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

for the half year ended 28 August 2008

### 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 the 26 units sold to Cavendish Bars Limited, the Entertainment Division and other non-core units, either disposed of or held for sale, forming part of the Group's plan to exit from non-core operations, included within the Consolidated Income Statement were as follows:

	<b>Half year ended 28 August 2008</b>	Half year ended 30 August 2007 (reclassified)
	<b>£m</b>	£m
Revenue	1.1	2.7
Cost of sales and administrative expenses	(1.3)	(4.0)
Loss before tax pre-exceptional items	(0.2)	(1.3)
Attributable tax credit	0.1	0.9
Loss after tax pre-exceptional items	(0.1)	(0.4)
Exceptional items (see note 9)	(24.4)	(2.0)
Attributable tax credit	0.4	0.1
<b>Loss from discontinued operations</b>	<b>(24.1)</b>	<b>(2.3)</b>

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

At 28 August 2008 ten units were classified as held for sale, of which two units were within the Dancing Division (and therefore reported within continuing operations), five were within the Non-core Division (and therefore classified as discontinued operations), two units are being sub-let and one unit is an industrial shed.

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

	<b>28 August 2008</b>	30 August 2007	28 February 2008
	<b>£m</b>	£m	£m
Property, plant and equipment	6.8	7.8	9.6
Inventories	0.1	0.1	0.1
Trade and other receivables	0.3	0.4	0.5
Cash and cash equivalents	-	-	0.1
<b>Total assets classified as held for sale</b>	<b>7.2</b>	<b>8.3</b>	<b>10.3</b>
Trade and other payables	(0.4)	(0.9)	(1.1)
Deferred income	(0.1)	(0.1)	(0.1)
Obligations under finance leases	-	(0.8)	-
Provisions	(4.8)	(3.3)	(9.7)
Deferred tax liabilities	(0.1)	(0.3)	(0.2)
<b>Total liabilities classified as held for sale</b>	<b>(5.4)</b>	<b>(5.4)</b>	<b>(11.1)</b>
<b>Net assets / (liabilities) classified as held for sale</b>	<b>1.8</b>	<b>2.9</b>	<b>(0.8)</b>

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

for the half year ended 28 August 2008

### 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 28 August 2008	Half year ended 30 August 2007
	£m	£m
Profit before taxation – continuing operations	3.4	10.7
Loss before taxation – discontinued operations	(24.6)	(3.3)
<b>(Loss) / profit before taxation</b>	<b>(21.2)</b>	<b>7.4</b>
Depreciation and amortisation	12.3	10.8
Amortisation of lease premiums	0.1	0.1
Amortisation of issue costs on bank loan	0.1	0.1
Issue costs written off on previous bank loan	-	0.5
Loss from associate	-	1.9
Impairment of property, plant and equipment	3.4	1.5
Impairment of goodwill	0.7	-
Impairment of investment in associate	24.1	-
Movement in exceptional accrued costs and provisions	(2.2)	(1.5)
(Profit) / loss on sale of property, plant and equipment	(0.7)	0.1
Loss on sale of motor vehicles (non-exceptional)	0.1	-
Loss on disposal of intangible assets	0.1	0.2
Non-cash loss on disposal of Entertainment Division	-	0.2
Non-cash charges for share-based payments	0.3	-
Net finance costs	4.0	1.3
	<b>21.1</b>	<b>22.6</b>
Increase in inventories	(0.2)	-
Increase in receivables	(3.2)	(5.2)
Increase in trade and other payables	5.0	0.5
Decrease in provisions	(4.8)	(0.3)
Decrease in finance lease liabilities	-	(0.1)
<b>Net cash inflow from operations</b>	<b>17.9</b>	<b>17.5</b>

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

	28 February 2008	Cash flow	28 August 2008
	£m	£m	£m
Cash and cash equivalents *	7.1	(1.2)	<b>5.9</b>
Loans due in more than 1 year	(145.0)	(20.0)	<b>(165.0)</b>
Cash net debt	(137.9)	(21.2)	<b>(159.1)</b>
Finance leases *	(7.9)	-	<b>(7.9)</b>
<b>Net debt</b>	<b>(145.8)</b>	<b>(21.2)</b>	<b>(167.0)</b>

\* includes cash and cash equivalents and finance leases relating to units held for sale

### 12 Acquisition of business unit

On 16 May 2008 the Group entered into a lease agreement with a landlord to acquire a site in Manchester. £500,000 has been offered to the Group as a lease incentive, which will be payable ten working days after works have commenced on the site. Work is due to commence on this site in the second half of the year.

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

for the half year ended 28 August 2008

### 13 Property, plant and equipment

During the half year the Group acquired £26.7m (half year ended 30 August 2007: £24.1m) of assets and disposed of £0.1m (half year ended 30 August 2007: £0.2m) of assets. £12.1m (half year ended 30 August 2007: £10.7m) of depreciation was charged in the half year, and an impairment provision of £3.3m (half year ended 30 August 2007: £1.5m) was created.

### 14 Borrowings and loans

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

	28 August 2008 £m	30 August 2007 £m	28 February 2008 £m
<i>Non-current:</i>			
Bank loan	165.0	100.0	145.0
Issue costs	(0.4)	(0.5)	(0.5)
	<b>164.6</b>	99.5	144.5

The movements in bank loans were analysed as follows:

	£m
Opening amount as at 2 March 2007	72.7
Additional drawdowns	16.7
Issue costs amortisation	0.1
Repayment of borrowings	(90.0)
Write-off of issue costs upon repayment of borrowings	0.5
Drawdown under new facility	100.0
Issue costs payable on drawdown	(0.5)
<b>Closing amount as at 30 August 2007</b>	<b>99.5</b>
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>

Subsequent to the half year end, a further £5.0m was drawn down.

### 15 Contingent assets and contingent liabilities

On 16 April 2008 the Group agreed to sell five individual companies to Cavendish Bars Limited. As at 28 August 2008 the sale of four of the five companies had been completed, and the contract on the remaining company had been exchanged. The disposal companies are responsible for all of the leases of the units being sold and are contingently liable as guarantors for a number of other non-core units, including all of the leases relating to units that were sold by the Group to Candu Entertainment Group Limited in June 2005. As part of the transaction, the Group has entered into indemnities capped at £4.2m in favour of Cavendish Bars Limited in relation to the guarantees. At the prior year end £3.5m of this indemnity was provided, being the indemnity for property costs which the Group considered likely to be called upon by Cavendish Bars Limited. In the half year ended 28 August 2008, £1.5m of this provision had been utilised.

The Group is currently pursuing a case against HM Revenue and Customs in respect of VAT of £5.1m (2007: £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 28 August 2008

### **16 Related party transactions**

The Group incurred costs of £5.1m (half year ended 30 August 2007: £5.7m) from Eminence Leisure Limited, which is an associate of the Group, in respect of entertainment acts and bookings of which £0.5m (30 August 2007: £0.3m) 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 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 30 August 2007: £0.7m) of income has been credited within administrative expenses in relation to the provision of these services. At 28 August 2008 £21.9m (30 August 2007: £20.3m) was owed to the Group in relation to the loan note and accrued interest, and £0.1m (30 August 2007: £0.1m) was owed in respect of capital amounts and other recharges.

During the half year, the Group recognised income of £0.1m (half year ended 30 August 2007: £0.1m) from Lucien Barriere for costs incurred relating to the Waterimage Limited joint venture. Of the amount recognised £0.1m (30 August 2007: £0.1m) remained outstanding at the half year end.

### Appendix 1: Unit reconciliation

The table below reconciles the units reported as at 28 February 2008 to those reported as at 28 August 2008:

Segments	28 February 2008		Transfers **	Disposals ***	28 August 2008	
	Total units *				Total units *	
Branded	52		6	(1)		57
Unbranded	28		-	-		28
<b>Dancing</b>	<b>80</b>		<b>6</b>	<b>(1)</b>		<b>85</b>
<b>Non-core</b>	<b>20</b>		<b>(2)</b>	<b>(7)</b>		<b>11</b>
<b>Total</b>	<b>100</b>		<b>4</b>	<b>(8)</b>		<b>96</b>

\* The units presented above exclude those units which are closed for development (nine units at 28 August 2008) or have been sub-let (five units at 28 August 2008). The table above excludes one unit acquired during the half year, which is currently in development.

\*\* Net transfers relate to units transferred to development or sub-let, or units collapsed from three / two trading units into one. Six branded openings have taken place during the half year.

\*\*\* Disposals exclude 11 sub-let units, two units closed for development and one former head office unit, which were disposed of during the half year. A further five units exchanged on 16 April 2008 and are due to complete in the forthcoming months.

### Appendix 2: Analysis of total operations

	Units 28 August 2008 Number	Revenue		% change	EBITDA *			PBT **		
		2008 £m	2007 £m		2008 £m	2007 £m	% change	2008 £m	2007 £m	% change
Continuing	91	94.3	97.9	(3.7)	24.7	27.1	(8.8)	8.4	13.4	(37.3)
Discontinued	5	1.1	2.7	(59.3)	(0.2)	(1.0)	80.0	(0.2)	(1.3)	84.6
<b>Total operations</b>	<b>96</b>	<b>95.4</b>	<b>100.6</b>	<b>(5.2)</b>	<b>24.5</b>	<b>26.1</b>	<b>(6.1)</b>	<b>8.2</b>	<b>12.1</b>	<b>(32.2)</b>

\* Pre-exceptional items and loss from associate  
\*\* Pre-exceptional items