Luminar Group Holdings plc

Financial and operating information

For the half year ended 28 August 2008

Luminar
Celebrating 20 years
1988–2008

Luminar Group Holdings plc

Introduction

Alan Jackson

Luminar
Celebrating 20 years
1988–2008

Introduction

- On track with delivering strategy
- Performed well and has a strong balance sheet
- Business in good shape
- Experienced management
- Continued focus on value to shareholders

Luminar Group Holdings plc

CEO Review

Stephen Thomas

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Transformational strategy on track

Unit streamlining

FY 2006

- 230 units
- Diverse asset base
- Significant investment required
- EBITDA per unit £0.6m

Entertainment division disposal (98 units)

FY 2008

- 100 units
- Well invested
- Higher quality focused estate
- EBITDA per unit £0.7m

Non-core disposal (26 units)

FY 2011

- 110 units
- Over 70 Branded units
- High quality focused estate
- EBITDA per unit continues to grow

Quality of the estate unrivalled in the UK market

Unrivalled quality of estate

Liquid Basildon

Oceana Southampton

Oceana Swansea

Oceana Watford

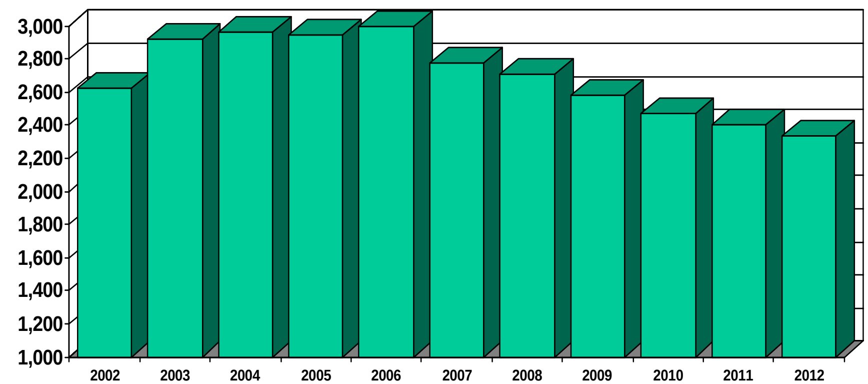
Market and consumer dynamics

- The number of nightclubs in the market continues to fall. Luminar is growing stronger as supply of competitor venues contract

- Total visits to the on trade for both age categories are down but clubs are more resilient.

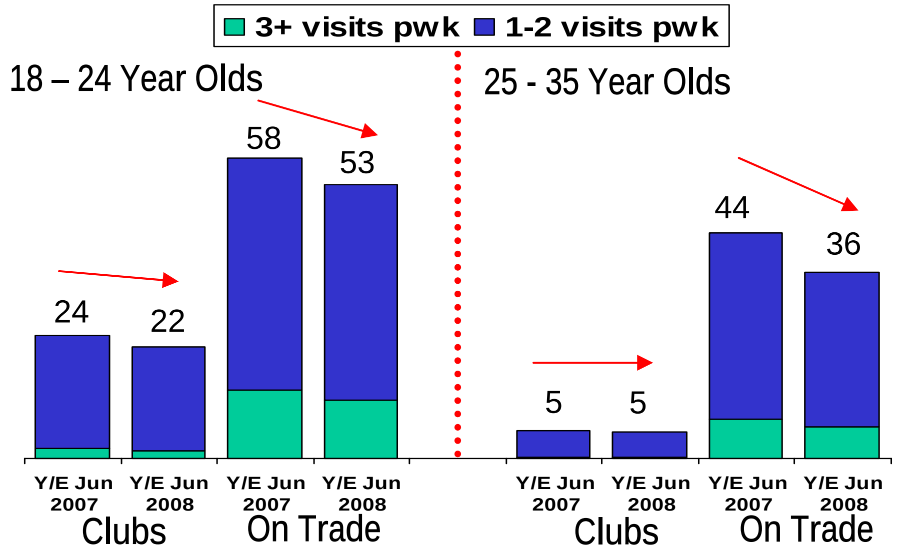
- 18-24 age group are least affected

Number of Nightclubs in UK & Future Projections



Source: CGA

Percentage of Populations Frequency of Visiting Nightclubs vs On Trade



Source: Alcovison data to Jun 08

Actions taken to current market conditions

- Focus on capital expenditure
  - Held back capex for FY09/FY10
  - Internal prioritisation of cash
  - Re tendered developments

- Value promotions a priority for our market
  - Implemented stronger value offers in the summer

- Cost efficiency
  - Reappraised revenue plans
  - Reduced Central cost further
  - Reduced number of customer facing unit hours
  - Renegotiated key contracts

Delivering our operational effectiveness KPI's

3 year target and base year figure

Operational effectiveness

Sales

- Increase total dancing admissions by 5% (2006: 15.2m*)

Gross margin

- Increase total dancing gross margin by 50 basis points (2006: 83.0%)

Costs

- Improve remuneration % by 50 basis points (2006: 28.0%)

People

- Reduce staff turnover by 30% (2006: 220%)

As at 28 August 2008 (2.5 years later)

Currently behind target

- Total dancing admissions 7.4m* for the half year (2007: 7.7m*)

On track – 60 basis points increase

- Gross margin for total dancing at 83.6% (Aug 2007: 83.6%)

On track - 20 basis points reduction

- Total labour cost (excluding central employee costs) down 0.2% to 27.8% (Aug 2007: 28.3%)

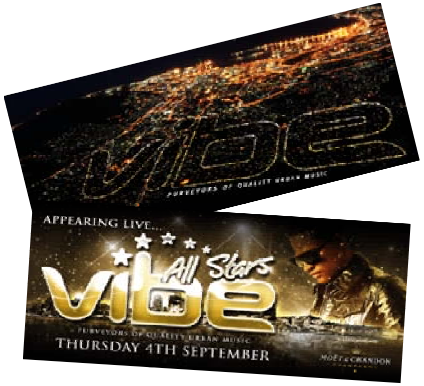
On track – 25% reduction achieved to date

- Staff turnover at 166% as at Sept 08

** Adjusted for disposals*

Why we are winning in the market place

‘*Vibe’* (Thursday)



- Market: Consumers into Urban Music (RnB, Hip Hop, Garage)
- Performance: Operating in 35 venues

‘*Big Night Out’* (Saturday)

- Market: Top-tier mainstream clubbers
- Performance: Operating across the estate (84 venues)

‘*Bandwagon and Get Lost’* (Monday and Wednesday)

- Market: Students (Universities and Colleges)
- Performance: Successfully delivered 15 Bandwagon / 27 Get Lost Sessions

Unrivalled customer experience in the UK market

Luminar Group Holdings plc

Financials

Nick Beighton

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Financial highlights

Operating activities	**Half year ended 28 August 2008 £m**	Half year ended 30 August 2007 £m
Revenue *	**94.3**	97.9
Dancing revenue *	**91.0**	90.7
Profit before tax *	**8.4**	13.4
Profit after tax *	**5.9**	10.8
Basic earnings per share *	**9.7p**	15.7p
Cash flow activities		
EBITDA *	**24.7**	27.1
Dividend per share:		
- Interim (proposed)	**5.37p**	5.37p
Cash net debt	**159.1**	89.1

** results presented represent continuing operations and are stated pre-exceptional items*

Segmental sales performance *

Sales performance

- Sales growth of 4.3% from branded division
- Oceana and Liquid brands strengthen with growth of 14.9% and 3.4% respectively

Like-for-like sales

- Strong Oceana and Liquid performance with LFL growth of 11.9% and 0.5% respectively
- Unbranded sales dragged down the performance of "brandable" units awaiting investment

	Units 28 Aug 08 No.	Sales HY 28 Aug 08 £m	Sales HY 30 Aug 07** £m	Growth / (decline) %	LFL Growth %
Dancing	**85**	**91.0**	**90.7**	***0.3***	***(1.9)***
- Oceana	*12*	*23.2*	*20.2*	*14.9*	*11.9*
- Liquid	*35*	*36.5*	*35.3*	*3.4*	*0.5*
- Lava & Ignite	*8*	*9.3*	*10.4*	*(10.5)*	*(4.1)*
- Life	*2*	*0.9*	*1.1*	*(18.2)*	*(12.7)*
Total branded	*57*	*69.9*	*67.0*	*4.3*	*2.8*
Unbranded	*28*	*21.1*	*23.7*	*(11.0)*	*(12.8)*
Non-core	**6**	**3.3**	**7.2**	***(54.2)***	***(28.0)***
Total	**91**	**94.3**	**97.9**	***(3.7)***	***(2.8)***

** relating to continuing operations*
*** restated for equivalent comparative units as at 28 August 2008*

Operating profitability (EBIT) *

- Operating profit diluted from an incremental costs of refit and development of £2.3m
- Solid EBIT margins, pre-central costs, over 20% in H1
- Oceana margin grew by £1m or 30%
- Continued progress on reducing the central costs – another £0.4m reduction achieved in the last 6 months
- Incremental savings of £2.5m will be delivered in H2

	Op profit / (loss) HY 28 Aug 08 £m	Op profit / (loss) HY 30 Aug 07** £m	Growth/ (decline) %
Dancing	**18.6**	**22.2**	***(16.2)***
- Oceana	*4.3*	*3.3*	*30.3*
- Liquid	*7.7*	*8.8*	*(12.5)*
- Lava & Ignite	*2.1*	*3.0*	*(30.0)*
- Life	*0.1*	*0.2*	*(50.0)*
Total branded	14.2	15.3	*(7.2)*
Unbranded	4.4	6.9	*(36.2)*
Non-core	**(0.2)**	**0.8**	***(125)***
Operating profit pre-central costs	18.4	23.0	*(20.0)*
Central costs	(6.0)	(6.4)	*(6.3)*
Total	**12.4**	**16.6**	***(25.3)***
Operating margin	*13.1%*	*17.0%*	*(3.9)*

**relating to continuing operations pre-exceptional items and loss from associate*
*** restated for comparative units as at 28 Aug 2008*

Strong balance sheet

- Investment in 3D impaired down to £3.6m. Total carrying value in relation to 3D of £25.5m (includes loan note). Investment is now held for sale
- 24 freeholds and 12 long leaseholds within operating estate
- Sale and leaseback values of freehold and long leasehold revalued in May 2008 at £180m
- Increase in non-current liabilities due to increase in bank borrowings

**investment in associate is now held for sale*

	28 Aug 2008 £m	**28 Feb 2008 £m**
Goodwill and other intangibles	**174.7**	174.9
Investment in associate and loan note	**21.9**	21.1*
Other non-current assets	**329.8**	318.7
Total non-current assets	**526.4**	514.7
Current assets	**19.4**	16.9
Current liabilities	**(67.7)**	(62.1)
Total assets less current liabilities	**478.1**	469.5
Non-current liabilities	**(205.0)**	(188.5)
Net assets excluding held for sale	**273.1**	281.0
Investment held for sale	**3.6**	27.7*
Net assets / (liabilities) held for sale	**1.8**	(0.8)
Net assets	**278.5**	307.9

Net debt and liquidity

- Adequate reserves and cash facilities
- Tax efficient balance sheet with ample headroom and solid liquidity ratios
- £140m of debt hedged representing 85% of net debt at 28 Aug 08 with effective rate of 6.3%
- Facilities £180m (£175m term loan and £5m overdraft) plus £15m committed asset finance facility
- Key banking covenants:
  - *Net debt / EBITDA not more than 3 times*
  - *Fixed charge cover not less 1.5 times*

	HY to 28 Aug 08	**HY to 30 Aug 07**
Interest cover *	2.5 times	7.3 times
Fixed charge cover	2.3 times	2.7 times
Gearing (Net debt / shareholders' funds)	60%	27%
Headroom on current facilities of net debt **	£21m	£91m

** Pre-loss from associate and interest receivable from associate*

*** Debt figure excludes finance leased assets of £7.9m and headroom figure excludes £15m asset finance facility*

Investments held for sale: 3D Entertainment

- Investment in 3DE impaired by £24.1m during the period, due to lower trading multiple

- Good profit and cash uplifts generated from the development program

- 3DE has new banking facilities - £2m overdraft (for 6 months) and £8m loan (matures in 2 years)

- Loan note repayable on sooner of refinancing, transaction or 2013 long stop date

	28 Aug 2008	**28 Feb 2008**
Investment in 3DE *	3.6m	27.7m
Trade and other receivables (Vendor loan note)	21.9m	21.1m
Units refurbished in the year (cumulative)	42	40
Annualised ROI on total invested units	37.6%	n/a

** Held for sale as at 28 February 2008*

Delivering our financial effectiveness

- Central cost reduction of £6m over 3 years

Exceeded - in year 1 - £2.6m cost reduction achieved
Second year - £5.4m reduction achieved
Third year to date - £0.6m reduction achieved

- Increase capex efficiency, lower cost per square foot and deliver 25% post tax ROI

On track - Improving performance from the underperforming ROI units and further savings in the cost per square foot

- Dividend cover 2 times

On track

- Share buyback £70m over the next 3 years

Exceeded – £42m returned to shareholders to date. Additional £41m returned from Scheme of Arrangement

Summary: transformation on track

- High quality and market leading estate, focused on content
- Gaining market share in a shrinking market
- In good shape, financially strong, £2.5m of savings in H2
- Experienced management team operating in line with trading environment
- Like-for-like sales for the 8 weeks to 22 October 2008
  - Dancing division down 5.2%
  - Branded division down 2.7%
- Most important period ahead of us, cleaner, with 12 new branded assets and our unbranded estate refreshed
- Luminar well positioned to capitalise on Christmas trade

Luminar Group Holdings plc

Appendices

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Definitions

Continuing operations

- Continuing operations represent the underlying ongoing units of the Group. As at 28 Aug 2008 this represented 91 units (Aug 07: 112 units), of which 85 (Aug 07: 88) were in the Dancing Division and 6 (Aug 07: 24 units) were non-core units.

Discontinued operations

- A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:
  - represents a major line of business or geographical area of operations
  - is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
  - is a subsidiary acquired exclusively with a view to resale.
- 28 Aug 2008: 38 units were discontinued.

Total sales

- Sales derived from continuing and discontinued operations.

Continuing sales

- Sales derived from continuing operations.

Like-for-like sales

- Like-for-like sales are the sales of units which have been trading at the start of the last two financial years and excludes non-core and discontinued unit sales.

Branded dancing

- Future model for Luminar operating out of one of the key Luminar brands, being Liquid, Oceana and Lava & Ignite. 28 Aug 2008: 57 units (Aug 07: 47)

Unbranded dancing

- Units not yet operating as a branded template, includes brandable units and unbrandable gems. 28 Aug 2008: 28 units (Aug 07:41 units)

Unbrandable gems

- Trading units operating out of a demise that is not suitable for a branded template. e.g. Tru in York

Brandable units

- Units that management believe are capable of being re-branded but are waiting for capital to be applied. e.g. former TNC units

Accounting guidance points

Effective tax rate

- Effective tax rate on continuing operations pre-exceptional items is 29.8% (2007: 17.0%). This 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.
- Future tax rates remain in line with the previous guidance of 30% for full year FY09

Cash tax rate

- Cash tax rate of 0% is lower than the effective tax rate principally due to the availability of capital allowances in excess of depreciation and the tax efficient manner in which group financing has been undertaken. Cash tax rate in FY2010 expected to rise to 20% and tend towards the statutory rate in future years.

Navigator

	Units	Revenue		PBT *	
		HY09 £m	HY08 £m	**HY09 £m**	HY08 £m
Continuing ops	**91**	**94.3**	97.9	**8.4**	13.4
Discontinued ops (held for sale)	**5**	**1.1**	2.7	**(0.2)**	(1.3)
Total	**96**	**95.4**	100.6	**8.2**	12.1

** Pre-exceptional items*

Continuing ops	**Units**	**Revenue**	
		HY09 £m	HY08 £m
Dancing	**85**	**91.0**	90.7
Non-core	**6**	**3.3**	7.2
Total	**91**	**94.3**	97.9

Discontinued ops	**Units**	**Revenue**		**PBT ***	
		HY09 £m	HY08 £m	**HY09 £m**	HY08 £m
Disposed or closed **	**30**	**0.6**	1.9	**(0.2)**	(1.4)
Held for sale ***	**8**	**0.5**	0.8	**-**	0.1
Total	**38**	**1.1**	2.7	**(0.2)**	(1.3)

Continuing ops	**Units**	**PBT ***	
		HY09 £m	HY08 £m
Dancing	**85**	**18.6**	22.2
Non-core	**6**	**(0.2)**	0.8
Central costs	**n/a**	**(6.0)**	(6.4)
Net finance costs	**n/a**	**(4.0)**	(1.3)
Loss from associate	**n/a**	**-**	(1.9)
Total	**91**	**8.4**	13.4

*** 21 disposals in current year, nine in prior year*

**** includes two sub-let units and one industrial shed (non-operating unit), but excludes two continuing dancing units*

Segment detailed operating performance

Number of units:	85 **Dancing HY09 £m**	As % of sales	85 **Dancing HY08 £m**	As % of sales	6 **Non-core HY09 £m**	As % of sales	6 **Non-core HY08 £m**	As % of sales
Sales	**91.0**		90.7		**3.3**		7.2	
Gross profit	**76.1**	*83.6%*	75.8	*83.6%*	**2.7**	*81.8%*	5.9	*81.9%*
Employee costs	**(25.3)**	*27.8%*	(25.6)	*28.2%*	**(1.0)**	*30.3%*	(2.0)	*27.8%*
Other direct costs	**(11.5)**	*12.6%*	(10.0)	*11.0%*	**(0.5)**	*15.2%*	(1.1)	*15.3%*
Fixed property costs	**(20.7)**	*22.7%*	(18.0)	*19.8%*	**(1.4)**	*42.4%*	(2.0)	*27.8%*
Ops profit / (loss)	**18.6**	*20.4%*	22.2	*24.5%*	**(0.2)**	*(6.1)%*	0.8	*11.1%*

All of the units above are classified within continuing operations.
The above costs are stated pre-exceptional items

Segment detailed operating performance (cont)

Number of Units:	91 Total HY09 £m	As % of sales	91 Total HY08 £m	As % of sales	Central costs HY09 £m	Central costs HY08 £m	Total HY09 £m	Total HY08 £m
Sales	**94.3**		97.9		**-**	-	**94.3**	97.9
Gross profit	**78.8**	*83.6%*	81.7	*83.5%*	**-**	-	**78.8**	81.7
Employee costs	**(26.3)**	*27.9%*	(27.6)	*28.2%*	**(3.2)**	(3.5)	**(29.5)**	(31.1)
Other direct costs	**(12.0)**	*12.7%*	(11.1)	*11.3%*	**(2.4)**	(2.5)	**(14.4)**	(13.6)
Fixed property costs	**(22.1)**	*23.4%*	(20.0)	*20.4%*	**(1.1)**	(1.1)	**(23.2)**	(21.1)
Income from associate	**-**		-		**0.7**	0.7	**0.7**	0.7
Ops profit / (loss)	**18.4**	*19.5%*	**23.0**	*23.5%*	**(6.0)**	(6.4)	**12.4**	**16.6**

All of the units above are classified within continuing operations.
The above costs are stated pre-exceptional items

Capital expenditure summary for full year

	Acquistion of Business Units	New Developments	Re-Branding	General Refurbs	Replacement	TOTAL HY09	TOTAL HY08
		£m	£m	£m	£m	£m	£m
Dancing	0.1	1.6	15.9	5.8	4.4	27.8	21.0
Non-Core					-	-	0.4
Head Office					1.1	1.1	0.5
TOTAL	**0.1**	**1.6**	**15.9**	**5.8**	**5.5**	**28.9**	**21.9**
Completed Units		**1**	**5**	**12**			

3 year capital investment programme

- £67m branded spend over three years (exclude FY09):
  - £53m of which is on re-brand / new units
- Over three years [incl FY09]:
  - 8 new Oceana
  - 10 new Liquid
  - 5 new Lava & Ignite
- Destination will then include:
  - 18 Oceana
  - 42 Liquid
  - 11 Lava & Ignite
  - 2 Life

	FY09 Projected	FY10	FY11
Future Capital Expenditure (£m)	36	38	29
Branded Spend (£m)	24	31	22
- Oceana	3	-	-
- Liquid	3	-	-
- Lava & Ignite	1	2	1
Re-branded units	7	2	1
- Oceana	-	3	2
- Liquid	1	4	2
- Lava & Ignite	-	-	1
New Branded units	1	7	5
- Oceana	1	4	3
- Liquid	-	2	14
- Lava & Ignite	1	-	4
Refurb of Branded units	2	6	21

Capital investment and costs per sq foot

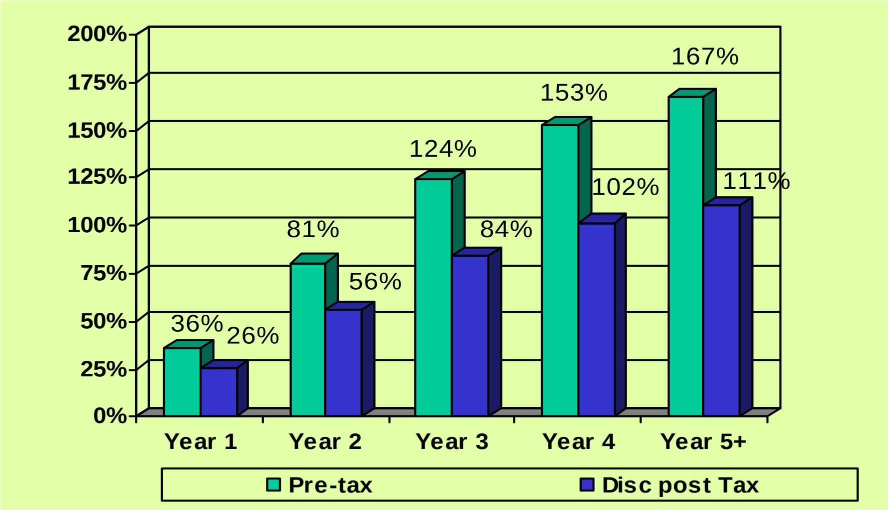
	HY09	HY08
Acquistion of Business Units	0.1	-
New Developments	1.6	1.4
Re-Branding	15.9	10.7
General Refurbs	5.8	5.1
Replacement	4.4	4.7
Total excluding HO	27.8	21.9

- Unit related and replacement capital spend £27.8m
- 6 branded openings in the first half of the year
  - 2 Oceana, 3 Liquids & 1 Lava & Ignite
  - 2 further rebrands to follow in the second half (1 Oceana, 1 Liquid)
- £67m branded spend planned for the next 3 years (exclude FY09)]

- Good progress being made to reduce the costs per square foot (historical averages for Liquid £125 / sq ft and Oceana £170 / sq ft)
- Prior year figures for Oceana were £103 and Liquid £99

Cost per Square foot (£)	Rebrand FY09 Projected	Refurb FY09 Projected
Oceana	88	90
Liquid	88	-
Lava & Ignite	14	46

Return on Investment – Liquid



Liquid - Cumulative ROI (pre-tax)

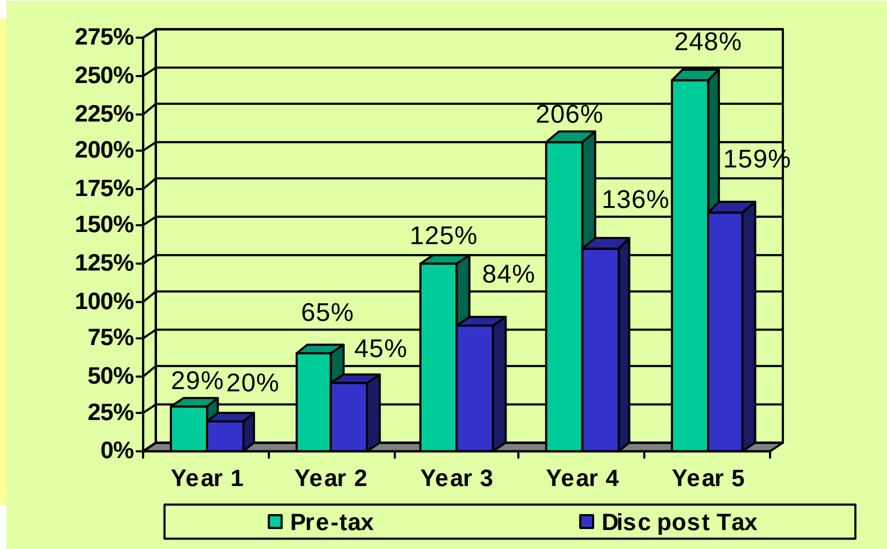
	No. of Units	Year 1	Year 2	Year 3	Year 4	Year 5+
Trading 1 Year	5	27%				
Trading 2 Years	3	10%	28%			
Trading 3 Years	3	33%	61%	78%		
Trading 4 Years	1	45%	94%	110%	109%	
Trading 5+ Years	15	46%	94%	137%	157%	167%
Average		36%	81%	124%	153%	167%

27 units analysed - 6 units not yet completed a full year of trade

Liquid - ROI

- Calculation based on cumulative capex on the unit since rebranding and the incremental EBITDAN generated. Tax rate applied of 24% discounted at a post tax WACC of 6.5%
- Strong historic cash payback between 2 -3 years. 15 units out of the 19 trading over 3 years paid back in 3 years and 7 completed payback in 2 years
- The 2005 developments are tracking behind the average, due to a combination of site specific circumstances and a generally tougher market
- More recent investments have reversed the recent trend as financial effectiveness measures feed in
- Six units still to complete their first full year of trade – Halifax, Maidstone, Romford, Basildon, Colchester & Southampton. These units are trading in line with their capital return criteria

Return on Investment – Oceana



Oceana - Cumulative ROI (pre-tax)

		No. of Units	Year 1	Year 2	Year 3	Year 4	Year 5+
Trading 1 Year	Birmingham, Cardiff, Plymouth & Wol'hampton	4	22%				
Trading 2 Years	Leeds & Bristol	2	29%	48%			
Trading 3 Years	Nottingham	1	13%	37%	68%		
Trading 5+ Years	Milton Keynes & Kingston	2	55%	108%	164%	206%	248%
Average			29%	65%	125%	206%	248%

9 units analysed - 3 units not yet completed a full year of trade

Oceana - ROI

- Calculation same as Liquid analysis
- Kingston continues to deliver exceptional returns
- Nottingham disappointing first year, but has recovered
- Birmingham *& Cardiff* on track, Plymouth and Wolverhampton slow start affect year one returns, now recovered
- New Oceana's in Brighton, Southampton and Swansea not analysed as still in their first year of trade but all performing well