

MAMMA AMALFI RESTAURANTS LIMITED
(formerly Yankee Noodle Restaurants Limited)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

Year ended 28 May 2006

Registered number: 02767925



MAMMA AMALFI RESTAURANTS LIMITED
(FORMERLY YANKEE NOODLE RESTAURANTS LIMITED)

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MAMMA AMALFI RESTAURANTS LIMITED

(FORMELY YANKEE NOODLE RESTAURANTS LIMITED)

COMPANY INFORMATION

DIRECTORS:

G Turner
M Mansigani
J Parsons

SECRETARY:

M Mansigani

AUDITORS:

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

REGISTERED OFFICE:

1st Floor
163 Eversholt Street
London
NW1 1BU

REGISTERED NUMBER:

02767925

MAMMA AMALFI RESTAURANTS LIMITED
(FORMERLY YANKEE NOODLE RESTAURANTS LIMITED)

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 28 May 2006.

Principal activity

At the year end the principal activity of the company is that of operating restaurants.

Results and dividends

The profit after tax for the year amounted to £389,023 (2005: loss of £11,727). The directors do not propose the payment of a dividend (2005: £nil).

Review of developments and future prospects

On 16 May 2006 the company changed its name to Mamma Amalfi Restaurants Limited.

On 25 May 2006 the entire share capital of the existing ultimate parent undertaking, Tragus Group Holdings Limited, was purchased by Tragus Limited.

Principal risks and uncertainties

The Directors of Tragus Limited manage the group's risks at a group level, rather than at an individual business unit level. For this reason, the Company's directors believe that a discussion of the group's risks would not be appropriate for an understanding of the development, performance or position of Mamma Amalfi Restaurants Limited's business. The principal risks and uncertainties of Tragus Limited, which include those of the company, are discussed within the Directors' Report of the Tragus Limited financial statements, which does not form part of this report.

Key Performance Indicators

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

Directors and their interests

The directors of the company during the year were as follows:

G Turner
M Mansigani
J Parsons

None of the directors who held office at the end of the year had any interests in the share capital of the company or subsidiary companies. The interests of the directors in the shares of the ultimate parent company are disclosed in the Directors' Report and Financial Statements of Tragus Group Holdings Limited.

MAMMA AMALFI RESTAURANTS LIMITED
(FORMERLY YANKEE NOODLE RESTAURANTS LIMITED)

DIRECTORS' REPORT

Statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Provision of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. The directors have taken all the steps they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

During the year KPMG LLP resigned as auditors. PricewaterhouseCoopers LLP were appointed auditors to fill the vacancy.

Pursuant to section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually. PricewaterhouseCoopers LLP who were appointed by the directors during the year have indicated their willingness to continue in office, will be deemed to be re-appointed each year unless a resolution to terminate their appointment is made under section 392 of the Companies Act 1985.

On behalf of the Board of Directors


DIRECTOR

1st Floor
163 Eversholt Street
LONDON NW1 1BU

7th Sept. 2006

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MAMMA AMALFI
RESTAURANTS LTD**

We have audited the financial statements of Mamma Amalfi Restaurants Limited for the year ended 28 May 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 May 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

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

11th September 2006

MAMMA AMALFI RESTAURANTS LIMITED
(FORMERLY YANKEE NOODLE RESTAURANTS LIMITED)

PROFIT AND LOSS ACCOUNT

Year ended 28 May 2006

		Before exceptional items	Exceptional items	Total	Before exceptional items	Exceptional items	Total
	Notes	Year ended 28 May 2006	Year ended 28 May 2006 (note 3)	Year ended 28 May 2006	Year ended 29 May 2005	Year ended 29 May 2005 (note 3)	Year ended 29 May 2005
		£	£	£	£	£	£
TURNOVER		7,210,295	-	7,210,295	6,948,767	-	6,948,767
Cost of sales		<u>(1,611,362)</u>	<u>-</u>	<u>(1,611,362)</u>	<u>(1,597,326)</u>	<u>-</u>	<u>(1,597,326)</u>
GROSS PROFIT		5,598,933	-	5,598,933	5,351,441	-	5,351,441
Administrative expenses		<u>(5,082,350)</u>	<u>(124,628)</u>	<u>(5,206,978)</u>	<u>(5,041,231)</u>	<u>(83,918)</u>	<u>(5,125,149)</u>
OPERATING PROFIT	2,4	516,583	(124,628)	391,955	310,210	(83,918)	226,292
Interest payable and similar charges	5	<u>-</u>	<u>-</u>	<u>-</u>	<u>(249,634)</u>	<u>-</u>	<u>(249,634)</u>
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	6	<u>516,583</u>	<u>(124,628)</u>	<u>391,955</u>	<u>60,576</u>	<u>(83,918)</u>	<u>(23,342)</u>
Taxation on ordinary activities				<u>(2,932)</u>			<u>11,615</u>
RETAINED PROFIT / (DEFICIT) FOR THE YEAR	13			<u><u>389,023</u></u>			<u><u>(11,727)</u></u>

There were no recognised gains or losses in either the current or prior year other than those reported above, which relate to continuing operations.

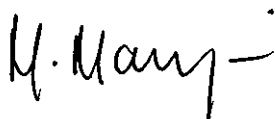
MAMMA AMALFI RESTAURANTS LIMITED
(FORMERLY YANKEE NOODLE RESTAURANTS LIMITED)

BALANCE SHEET

As at 28 May 2006

	Notes	28 May 2006 £	29 May 2005 £
FIXED ASSETS			
Intangible assets	7	1,461,667	1,574,012
Tangible assets	8	<u>1,075,907</u>	<u>979,889</u>
		2,537,574	2,553,901
CURRENT ASSETS			
Stocks - finished goods and goods for resale		36,425	41,274
Debtors - amounts falling due within one year	9	<u>2,397,371</u>	<u>1,552,086</u>
TOTAL CURRENT ASSETS		2,433,796	1,593,360
CREDITORS - amounts falling due within one year	10	<u>(712,893)</u>	<u>(277,807)</u>
NET CURRENT ASSETS		<u>1,720,903</u>	<u>1,315,553</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,258,477	3,869,454
NET ASSETS		<u><u>4,258,477</u></u>	<u><u>3,869,454</u></u>
CAPITAL AND RESERVES			
Called up share capital	12	3,001,700	3,001,700
Share premium account	13	248,300	248,300
Profit and loss account	13	<u>1,008,477</u>	<u>619,454</u>
EQUITY SHAREHOLDERS' FUNDS	14	<u><u>4,258,477</u></u>	<u><u>3,869,454</u></u>

These financial statements were approved by the Board of Directors and authorised for issue on 7th September 2006 and signed on its behalf by:



Director

NOTES TO THE ACCOUNTS

Year ended 28 May 2006

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with Companies act 1985 and applicable United Kingdom accounting standards. The particular accounting policies adopted by the directors are described below:

Accounting convention

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

Turnover

Turnover is the value of goods and services sold at restaurants, solely within the UK, as part of the company's continuing ordinary activities after deducting sales based taxes. Turnover is recognised on provision of goods and services.

Leases

Rental payments in respect of operating leases are charged against operating profit over the period of the lease. Rental income in respect of operating leases is recognised in the profit and loss account on a straight line basis over the term of the lease. Rent free periods are recognised in the profit and loss account over the period to the first rent review.

Pension costs

The company provides for employee pensions through a group stakeholder pension scheme which is independently managed and the company will continue to contribute to this fund in future accounting periods. The amount charged to the profit and loss account represents the contribution payable to the scheme in respect of the accounting period.

Goodwill and intangible fixed assets

On the acquisition of a business, fair values are attributed to the company's share of net separable assets. Where the cost of acquisition exceeds the fair values attributable to such net assets, the difference is treated as purchased goodwill and capitalised in the balance sheet in the period of acquisition. Purchased goodwill is amortised to nil by equal annual instalments over the shorter of the directors' estimate of its estimated useful life of 20 years and the remaining period of the lease of the restaurant to which the goodwill relates. On acquisition, directors make estimates to the fair values of the assets acquired. If necessary, these are revised in the year after acquisition.

Tangible fixed assets

Tangible fixed assets are written off on a straight line basis over their estimated useful lives as follows:

- Leasehold properties are depreciated to their estimated residual values over the shorter of 50 years, their estimated useful lives and their remaining lease periods.
- Retail furniture, fixtures and equipment are depreciated over 4 to 25 years.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of fixed assets below depreciated historical cost is charged to the profit and loss account. Profits and losses on disposal of fixed assets reflect the difference between net selling price and net book value at the date of disposal.

Stocks

Stocks are valued at the lower of cost and net realisable value.

MAMMA AMALFI RESTAURANTS LIMITED
(FORMERLY YANKEE NOODLE RESTAURANTS LIMITED)

NOTES TO THE ACCOUNTS

Year ended 28 May 2006

1. ACCOUNTING POLICIES (continued)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not been reversed by the balance sheet date. Deferred taxation is not recognised when an asset is sold if it is more likely than not that the taxable gain will be rolled over. Deferred taxation assets are recognised to the extent that they are regarded as recoverable. Provisions for deferred taxation are not discounted. Deferred taxation assets and liabilities are calculated using the taxation rates that have been enacted or substantively enacted by the balance sheet date.

Cash flow

As permitted by Financial Reporting Standard 1 (Revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated accounts.

2. OPERATING PROFIT

	Year ended 28 May 2006 £	Year ended 29 May 2005 £
Operating profit is stated after charging:		
Depreciation of fixed assets	150,493	177,405
Amortisation of goodwill	112,345	112,350
Rentals under operating leases:		
Land and buildings	<u>1,006,307</u>	<u>944,609</u>

Audit fees are borne by Tragus Holdings Limited.

3. EXCEPTIONAL ITEMS

	Year ended 28 May 2006 £	Year ended 29 May 2005 £
Fixed asset impairment	<u>124,628</u>	<u>83,918</u>

Following its acquisition on 25 May 2006, Mamma Amalfi Restaurants Limited's new management team reviewed the performance of its operating units. Restaurants which were loss making at EBITDA level where management considered these restaurants were unlikely to recover to profitability were treated as onerous contracts and as such provisions were made against certain future lease payments and fixed assets were impaired.

The 2005 charge relates to the impairment of fixed assets following the acquisition of the company by Tragus Group Holdings Limited on 17 January 2005.

MAMMA AMALFI RESTAURANTS LIMITED
(FORMERLY YANKEE NOODLE RESTAURANTS LIMITED)

NOTES TO THE ACCOUNTS

Year ended 28 May 2006

4. STAFF COSTS

	Year ended 28 May 2006 Number	Year ended 29 May 2005 Number
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The average number of persons employed by the company during the year was:

Restaurants	<u>231</u>	<u>234</u>
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	Year ended 28 May 2006 £	Year ended 29 May 2005 £
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Staff costs incurred during the year in respect of these employees were:

Wages and salaries	1,970,483	1,956,559
Social security costs	157,272	181,555
Pension costs	<u>8,305</u>	<u>9,088</u>
	<u>2,136,060</u>	<u>2,147,202</u>

None of the directors received any remuneration in respect of their services for the company during the year.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 28 May 2006 £	Year ended 29 May 2005 £
Interest payable to group companies	<u>-</u>	<u>249,634</u>

Interest is incurred by Tragus Limited and Tragus Group Holdings Limited and was recharged in 2005 to operating companies within the group on the basis of turnover.

MAMMA AMALFI RESTAURANTS LIMITED
(FORMERLY YANKEE NOODLE RESTAURANTS LIMITED)

NOTES TO THE ACCOUNTS

Year ended 28 May 2006

6. TAXATION

	Year ended 28 May 2006 £	Year ended 29 May 2005 £
Current taxation on profit /(loss) for the year		
UK corporation tax	-	-
Total current taxation	<u>-</u>	<u>-</u>
Deferred tax		
Timing differences	2,722	(6,598)
Prior year	210	(5,017)
Total deferred taxation	<u>2,932</u>	<u>(11,615)</u>
Total taxation charge / (credit)	<u>2,932</u>	<u>(11,615)</u>
Factors affecting the tax charge for the year		
Profit / (loss) before tax	<u>391,955</u>	<u>(23,342)</u>
Tax at current UK corporation tax rate of 30% (2005 - 30%)	117,587	(7,003)
Effect of:		
Amortisation of goodwill	33,704	33,705
Capital allowances in excess of depreciation	(31,265)	(15,577)
Expenses not deductible for tax	41	14
Fixed asset write off	37,389	25,175
Loss on disposal of fixed assets	4,139	-
Losses surrendered for group relief	(161,595)	(36,314)
Current tax charge for the year	<u>-</u>	<u>-</u>

The taxation effect of the exceptional item is £37,389 (2005: £nil).

MAMMA AMALFI RESTAURANTS LIMITED
(FORMERLY YANKEE NOODLE RESTAURANTS LIMITED)

NOTES TO THE ACCOUNTS

Year ended 28 May 2006

7. INTANGIBLE FIXED ASSETS

	Goodwill £
Cost as at 28 May 2006 and 29 May 2005	1,694,615
<u>Amortisation</u>	
At 29 May 2005	(120,603)
Charge for the year	<u>(112,345)</u>
At 28 May 2006	<u>(232,948)</u>
<u>Net book value</u>	
At 28 May 2006	<u><u>1,461,667</u></u>
At 29 May 2005	<u><u>1,574,012</u></u>

8. TANGIBLE FIXED ASSETS

	Land & buildings £	Furniture, fixtures & equipment £	Total £
<u>Cost</u>			
At 29 May 2005	739,592	306,635	1,046,227
Additions	67,800	317,137	384,937
Disposal	<u>(2,394)</u>	<u>(21,872)</u>	<u>(24,266)</u>
At 28 May 2006	<u>804,998</u>	<u>601,900</u>	<u>1,406,898</u>
<u>Depreciation</u>			
At 29 May 2005	(50,238)	(16,100)	(66,338)
Charge for the year	(51,510)	(98,983)	(150,493)
Disposals	2,115	8,353	10,468
Impairment	<u>-</u>	<u>(124,628)</u>	<u>(124,628)</u>
At 28 May 2006	<u>(99,633)</u>	<u>(231,358)</u>	<u>(330,991)</u>
<u>Net book value</u>			
At 28 May 2006	<u><u>705,365</u></u>	<u><u>370,542</u></u>	<u><u>1,075,907</u></u>
At 29 May 2005	<u><u>689,354</u></u>	<u><u>290,535</u></u>	<u><u>979,889</u></u>

MAMMA AMALFI RESTAURANTS LIMITED
(FORMERLY YANKEE NOODLE RESTAURANTS LIMITED)

NOTES TO THE ACCOUNTS

Year ended 28 May 2006

9. DEBTORS

	28 May 2006 £	29 May 2005 £
Trade debtors	31,076	44,361
Amounts owed by group undertakings	2,244,077	1,377,161
Deferred tax (see note 11)	125	3,057
Other debtors	815	-
Prepayments and accrued income	<u>121,278</u>	<u>127,507</u>
	<u><u>2,397,371</u></u>	<u><u>1,552,086</u></u>

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

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	28 May 2006 £	29 May 2005 £
Trade creditors	-	2,390
Accruals and deferred income	644,582	203,567
Other creditors	<u>68,311</u>	<u>71,850</u>
	<u><u>712,893</u></u>	<u><u>277,807</u></u>

11. DEFERRED TAX

	Deferred tax £
At 29 May 2005	(3,057)
Charge for the year	<u>2,932</u>
At 28 May 2006	<u><u>(125)</u></u>

The amounts provided for deferred taxation are set out below:

	Provided 28 May 2006 £	Provided 29 May 2005 £
Capital allowances in excess of depreciation	<u><u>(125)</u></u>	<u><u>(3,057)</u></u>

Deferred tax assets have been recognised to the extent that the directors consider it is more likely than not that they will be recovered. In performing this assessment, the directors have considered the period over which the assets are expected to crystallise.

MAMMA AMALFI RESTAURANTS LIMITED
(FORMERLY YANKEE NOODLE RESTAURANTS LIMITED)

NOTES TO THE ACCOUNTS

Year ended 28 May 2006

12. SHARE CAPITAL

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	<u>28 May 2006</u>	<u>29 May 2005</u>	<u>28 May 2006</u>	<u>29 May 2005</u>
	£	£	£	£
2,700 Ordinary shares of £1 each	2,700	2,700	-	-
1,700 Ordinary shares of £1 each	-	-	1,700	1,700
3,000,000 4% preference shares of £1 each	3,000,000	3,000,000	3,000,000	3,000,000
	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,001,700</u>	<u>3,001,700</u>

Preference shareholders have the right to receive cumulative dividends at the rate of 4% per annum on their capital in priority to all other shareholders. Cafe Rouge Restaurants Limited has waived its right to receive dividends. The preference shares are irredeemable and carry no votes at general meetings unless the dividends are in arrears at the date the meeting is convened. On a winding up of the company the preference shareholders have a right to receive the par value of the shares, plus any accrued interest, in preference to ordinary shareholders.

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

13. STATEMENT OF MOVEMENTS ON RESERVES

	<u>Share premium account</u>	<u>Profit and loss account</u>	<u>Total</u>
	£	£	£
At 29 May 2005	248,300	619,454	867,754
Retained profit for the year	-	389,023	389,023
At 28 May 2006	<u>248,300</u>	<u>1,008,477</u>	<u>1,256,777</u>

Included in the profit and loss account is a non-distributable reserve of £180,352 (2005: £180,352).

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	<u>28 May 2006</u>	<u>29 May 2005</u>
	£	£
Shareholders' funds at beginning of year	3,869,454	3,881,181
Profit / (loss) for the year	<u>389,023</u>	<u>(11,727)</u>
Shareholders' funds at end of year	<u>4,258,477</u>	<u>3,869,454</u>

15. LEASE COMMITMENTS

At the year end, the company was committed to making the following payments during the next year in respect of operating leases on properties which expire:

	<u>28 May 2006</u>	<u>29 May 2005</u>
	£	£
Within one year	-	3,100
After five years	<u>856,000</u>	<u>858,700</u>
	<u>856,000</u>	<u>861,800</u>

MAMMA AMALFI RESTAURANTS LIMITED
(FORMERLY YANKEE NOODLE RESTAURANTS LIMITED)

NOTES TO THE ACCOUNTS

Year ended 28 May 2006

16. PENSION COSTS

The group contributes to a stakeholder pension scheme for employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable in respect of the accounting year and amounted to £8,305 (2005: £9,088). There were no outstanding contributions at the end of the financial year (2005: £nil).

17. RELATED PARTIES

The company is a wholly owned subsidiary of Tragus Limited and has taken advantage of the exemption given in Financial Reporting Standard No.8 not to disclose transactions with other group companies.

18. PARENT UNDERTAKING

The ultimate parent undertaking is Tragus Limited, registered in England and Wales. LGV4 Private Equity Fund Limited Partnership owns 85.4% of the ordinary share capital of Tragus Limited. The smallest group of undertakings for which group accounts are drawn up and of which the company is a member is Tragus Holdings Limited, the largest is Tragus Limited, both are companies registered in England and Wales. Copies of group accounts can be obtained from 1st Floor, 163 Eversholt Street, London, NW1 1BU.