Luminar PLC
15 November 2005

Luminar plc

Profit before taxation pre-exceptional items up 5%
Reduced net debt

	Half year to 1 September 2005 £m	Half year to 29 August 2004 £m	Gr (Red
Profit before taxation - pre-exceptional items	19.9	18.9	
Profit before taxation - post-exceptional items	23.4	13.6	
EPS from continuing operations - pre-exceptional items	17.7p	16.5p	
EPS from continuing operations - post-exceptional items	22.5p	11.5p	1
Net debt	140.3	180.4	(

The Company has reported its results for the half year to 1 September 2005 for the first time under IFRS - operating profit pre-exceptional items for the half year to 29 August 2004 was £26.1m under IFRS (UK GAAP £32.0m before goodwill amortisation) after ongoing IFRS adjustments of £1.3m and reclassification of operating profit from discontinued operations of £4.6m.

Half Year Highlights

- Performance in line with the Company's plans, with like for like sales for core businesses flat on prior year

- Continued good progress towards re-focusing the Company following the disposal of the Enterprise division

- Pre-tax profit on continuing operations pre-exceptional items up £1m to £20m,(2004 - £19m)

- Seven re-branded units opened in the first half performing well

- EPS from continuing operations pre-exceptional items up 7% to 17.7p, (2004 - 16.5p)

- Net debt reduced by £40m in 12 months to £140m, (2004 - £180m), with net debt reduced by £25m during the first half

- 10% increase in level of the proposed interim dividend to 4.44p

- Current trading: like for like sales for the nine weeks since 1 September -0.5%. (year to date like for like sales are flat)

Stephen Thomas, Chief Executive, said:

'Despite a difficult trading environment, which has continued into the second half, the Company has made significant progress in its transformation. Our Branded units are performing well.

The impact of licencing reform remains unpredictable, but the Company is operationally prepared to meet this challenge.

We are cautiously optimistic about the balance of the financial year'.

15 November 2005

Enquiries

Luminar plc

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Introduction

Luminar plc today presents its results for the half year to 1 September 2005.

The market in which the Company trades has remained difficult and highly competitive. Against this background the Company's performance has been in line with its plans.

The Company is continuing to make encouraging progress in the execution of its strategy of refocusing the business around a high quality brand and market led business with good and stable long term cash returns on capital. The successful disposal of the 49 units comprising the Enterprise division for consideration of £27m was completed during June 2005.

Financial

Turnover from continuing operations for the half year to 1 September 2005 was £154.4m, (2004 - £158.8m). The half year to 1 September 2005 contains £1.8m (2004 - £8.9m) of sales relating to single sites which have been closed pending sale or refurbishment. Excluding these sites closed pending disposal or refurbishment turnover from continuing operations is up £2.7m. Despite the difficult market conditions like for like sales for core businesses remained flat on prior year. The gross margin has been maintained at 82% (2004 - 82%) as a result of a combination of better buying and more targeted drinks promotions.

Operating profit pre-exceptional items on continuing operations is £24.6m (2004 - £26.1m), with operating margin maintained at 16%. The reduction in profits is due to a reduced contribution from the Entertainment segment and the impact of the re-branding programme on units undergoing refurbishment.

Total administrative expenses before exceptional items were £102.4m, (2004 - £103.7m) down 1% on the prior year. Included within administrative expenses before exceptional items are corporate costs of £10.7m (2004 - £10.3m) including one off costs of £0.3m.

Earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations pre-exceptional items is down £0.6m to £41.4m (2004 - £42.0m), although EBITDA margin has increased to 27% (2004 - 26%).

Net finance costs have reduced to £4.7m (2004 - £7.2m), from the prior year levels, as a result of lower average net debt levels during the first half of 2005. Profit before tax on continuing operations pre-exceptional items is up £1.0m to £19.9m, (2004 - £18.9m).

With the effective tax rate on continuing operations pre-exceptional items at 35%, (2004 - 36%), earnings per share from continuing operations are up 7% to 17.7p, (2004 - 16.5p).

Exceptional items before tax relating to continuing operations were income of £3.5m, (2004 - £5.3m charge). These exceptional items primarily arise from the decision to exit from selected single sites, a realised profit on the sale and leaseback of the Company's Hemel Hempstead complex, together with expenses associated with the strategic re-organisation of the group. Profit before tax on continuing operations post-exceptional items is up £9.8m to £23.4m (2004 - £13.6m).

Segmental Review

The performance of the Company's segments have been set out in line with the principles of IFRS. Accordingly, the Company has taken the opportunity to simplify the segmental structure along the lines in which the business segments are effectively managed. The performance of each segment is discussed below, but is summarised in the following table:

	Units	Revenue		Revenue per unit		Profit from operations			
		H1 2005	H1 2004	H1 2005	H1 2004	H1 2005		H1 200	
	#	£m	£m	£'000	£'000	£m	%	£m	
Dancing	110	91.0	88.4	827	803	25.9	28.5	25.8	
Entertainment	80	52.4	55.3	655	691	8.7	16.6	10.3	
Core business	190	143.4	143.7	755	756	34.6	24.1	36.1	
Non-core trading *	16	9.9	10.5	618	656	2.0	20.2	1.9	
Non-core other *	21	1.1	4.6	n/a	n/a	(1.3)	(118.0)	(1.6)	(
Continuing operations ***	227	154.4	158.8	680	699	35.3	22.9	36.4	

* Non-core is one segment including trading and closed units currently presented within continuing operations which do not

align with the Company's strategy of a high quality branded and market led business

** Profit from operations is stated before exceptional items

*** Profit from continuing operations is stated before corporate costs

A reconciliation outlining the changes to the composition of the Company's segments is included as an appendix to the financial information.

Dancing

The dancing segment contains both branded and unbranded dancing units.

Sales for dancing units totalled £91.0m, (2004 - £88.4m), an increase of 3%, with a like for like sales increase of 6%. During the period a further seven (2004 - two) units were branded, one Oceana and six Lava and Ignite venues, bringing the total number of branded units to 38. The re-branded units continue to offer superior performance and returns on capital.

Operating profit contribution was £25.9m, (2004 - £25.8m), and operating margin maintained 29%, (2004 - 29%). This represents a small dilution of operating profit, mainly due to the impact of the increased refurbishment and re-branding programme on the units undergoing upgrading.

Entertainment

The Entertainment segment has performed relatively poorly over the last six months. Total sales were £52.4m, (2004 - £55.3m), with like for like sales down 6%. The Entertainment segment was subject to a potential disposal. The Board suspended the process in mid-July as it considered the Company was unlikely to obtain an acceptable value from the transaction. The segment was ring-fenced from the Dancing unit business and a new managing director recruited to drive the segment forward and restore the original proposition of dining, dancing and drinking. The new management team has started to make good progress in turning around the segment's performance.

The operating profit was £8.7m (2004 - £10.3m), which represents a margin of 17% (2004 - 19%). Although this represents a 2% dilution on the prior year this continues to represent good profitability performance for the high street sector in which this concept competes.

Non-core

The non-core segment contains units that do not align with the Company's strategy of a high quality branded and market led business. These non-core units comprise trading units (16) and closed units pending disposal (21). Other units classified by the Company as non-core comprise the Enterprise division disposed of in the first half and non-core bars held-for-sale which have been presented within discontinued operations under IFRS.

Total sales from non-core, including those units presented as discontinued operations, were £28.0m, (2004 - £44.3m).

Cash flow and Net Debt

The Company continues to reduce its net debt through operational cash flow and disposal of non-core assets. Net debt at the end of the period totalled £140.3m, (2004 - £180.4m). Cash flow from operations at £33.2m, (2004 - £33.4m), was maintained at prior year levels, including exceptional cash flows of £1.1m (2004 - £nil). Cash flow from operations before cash flows in respect of exceptional items was £34.3m, (2004 - £33.4m).

Capital expenditure during the first half totalled £24.6m, (2004 - £15.1m), the increase resulting from acceleration of the re-branding and refurbishment programme during 2005/6.

Two single sites were disposed of in the first half for proceeds of £2.0m. Proceeds of £22.3m were received on completion of the sale of the Enterprise division in the first half. Cash costs associated with the disposal totalled £2.0m.

Cash proceeds of £17.0m relating to the sale and leaseback of the Hemel Hempstead complex have been received since the half year end. Agreement has been reached to sell a further five properties for proceeds of £2.5m - the proceeds on these disposals were slightly above net book value.

Additional proceeds from the disposal of the Enterprise division of £2.3m have been received since the half year end, and a further £0.9m is due to be received during the second half.

Dividend

The Board has declared an increase of 10% in the interim dividend to 4.44p (2004 - 4.04p), which will be paid on 6 January 2006 to shareholders on the register at 9 December 2005. The level of increase in the dividend reflects the Board's confidence in the current re-branding strategy and the future performance of the Company.

Management

Nick Beighton joined the Board as Finance Director in August from Matalan plc. David Crabtree also joined the business as Managing Director of the Entertainment Division in July. Work is continuing to strengthen the management teams and to improve management processes. The business is currently moving its Admin centre premises to Milton Keynes enabling it to centralise most of its head office and back office activities.

Current Trading

Trading in October was below previous trends. Like for like sales from core businesses for the nine weeks since the half year were down 0.5% - like for likes sales from core businesses for the year to date including the 9 weeks since the half year end remain flat on prior year.

The market remains highly competitive, and it is expected that trading conditions will remain difficult. Throughout this period the Board has continued to be encouraged with the performance of the branded dancing units, although the unbranded units have been under greater pressure through a lack of a clear proposition.

The initial impact of the forthcoming licensing reform presents one of the biggest changes to the market place for many years, and it is difficult to predict its impact. The Board is confident that the Company has put in place sound operational plans to deal with the forthcoming changes, and remains cautiously optimistic about the balance of the financial year.

Independent Review Report to Luminar plc

Introduction

We have been instructed by the Company to review the financial information for the half year ended 1 September 2005 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' Responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing

Rules of the Financial Services Authority.

As disclosed in note 1, the next annual financial statements of the Group will be prepared in accordance with International Financial Reporting Standards, adopted for use in the European Union. This interim report has been prepared in accordance with the basis set out in note 1.

The accounting policies are consistent with those that the directors intend to use in the next annual financial statements. As explained in note 1, there is, however, a possibility that the directors may determine that some changes are necessary when preparing the full annual financial statements for the year ending 2 March 2006 for the first time in accordance with IFRS, as adopted for use in the European Union. The IFRS standards and IFRIC interpretations that will be applicable and adopted for use in the European Union at 2 March 2006 are not known with certainty at the time of preparing this interim financial information.

Review Work Performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of control and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an opinion on the financial information. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Listing 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.

Review Conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the half year ended 1 September 2005.

PricewaterhouseCoopers LLP
Chartered Accountants
London

15 November 2005

Consolidated Income Statement (unaudited)
for the half year ended 1 September 2005

		Half year ended 1 September 2005			Half year ended 29 August 2004			
		Pre-exceptional items	Exceptional items	Total	Pre-exceptional items	Exceptional items	Total	e
	Note	£m	£m	£m	£m	£m	£m	
Continuing operations								
Revenue	2	154.4	-	154.4	158.8	-	158.8	
Cost of sales		(27.4)	-	(27.4)	(29.0)	-	(29.0)	
Gross profit		127.0	-	127.0	129.8	-	129.8	
Administrative expenses		(102.4)	3.5	(98.9)	(103.7)	(5.3)	(109.0)	
Profit / (loss) from								

operations	2	24.6	3.5	28.1	26.1	(5.3)	20.8
Investment income	3	1.5	-	1.5	0.6	-	0.6
Finance costs	3	(6.2)	-	(6.2)	(7.8)	-	(7.8)
Profit / (loss) before taxation		19.9	3.5	23.4	18.9	(5.3)	13.6
Tax on profit / (loss)	4	(6.9)	-	(6.9)	(6.8)	1.6	(5.2)
Profit / (loss) for the period from continuing operations		13.0	3.5	16.5	12.1	(3.7)	8.4
(Loss) / profit from discontinued operations	8	(0.3)	(2.1)	(2.4)	5.1	-	5.1
Profit / (loss) for the period	9	12.7	1.4	14.1	17.2	(3.7)	13.5
Earnings per share from continuing operations	6						
Basic				22.5p			11.5p
Diluted				22.5p			11.5p
Earnings per share from continuing and discontinued operations	6						
Basic				19.2p			18.4p
Diluted				19.2p			18.4p

Dividends per share	5	9.76p	8.87p

Consolidated Balance Sheet (unaudited)
at 1 September 2005

	1 September 2005 £m	29 August
Non-current assets		
Goodwill	203.1	2
Other Intangible assets	1.0	
Property Plant & Equipment	413.9	4
Other non-current assets	7.5	
	625.5	7
Current assets		
Inventories	3.4	
Trade and other receivables	33.0	
Cash and cash equivalents	46.7	
	83.1	
Assets classified as held-for-sale	15.5	
	98.6	
Current liabilities		
Trade and other payables	(43.2)	(4
Provisions	(0.7)	(
Current tax liabilities	(24.6)	(1
Bank loans and overdraft	-	(4
Obligations under finance leases	(0.1)	(
Financial instruments	(0.9)	

	(69.5)	(10
Liabilities classified as held-for-sale	(3.8)	
	(73.3)	(10
Net current assets / (liabilities)	25.3	(4
Total assets less current liabilities	650.8	6
Non-current liabilities		
Bank loans	(179.1)	(17
Obligations under finance leases	(7.2)	(
Deferred income	(8.7)	(
Provisions	(3.7)	(
Deferred tax liabilities	(58.5)	(6
	(257.2)	(25
Net assets	393.6	4
Capital and reserves		
Share capital	18.3	
Share premium	60.9	
Capital reserve	2.3	
Merger reserve	280.2	3
Equity reserve	0.4	
Retained earnings	31.5	
Equity shareholders' funds	393.6	4

Consolidated Cash Flow Statement (unaudited)
for the half year ended 1 September 2005

	Half year ended	Half year

	Note	1 September 2005 £m	29 August
Net cash flow from operating activities			
Cash generated from operations	10	33.2	
Adjustments for:			
Tax received / (paid)		5.5	
Debt issue costs paid		-	
Interest paid		(5.5)	
Net cash from operating activities		33.2	
Cash flows from investing activities			
Purchase of property, plant and equipment		(24.6)	(
Proceeds from sale of property, plant and equipment		2.2	
Costs associated with sale and leaseback		(0.7)	
Proceeds received on disposal of the Enterprise division	8	22.3	
Costs associated with disposal of the Enterprise division		(2.0)	
Interest received		1.5	
Net cash from investing activities		(1.3)	(
Cash flows from financing activities			
Repayment of long term borrowings		-	(
Repayment of finance lease obligations		-	
Repayment of short term loan note		(0.9)	
Repayment of secured loan		-	
Dividends paid	5	(7.1)	
Net cash from financing activities		(8.0)	(
Net increase/(decrease) in cash and cash equivalents	10	23.9	

Cash and cash equivalents at beginning of period *	23.0
Cash and cash equivalents at end of period *	46.9

* Cash and cash equivalents of £46.9m (Aug 04 - £46.4m, Feb 05 - £23.0m) contain cash and cash equivalents presented within assets classified as held-for-sale of £0.2m, (Aug 04 - £nil, Feb 05 - £0.4m).

Notes to the Interim Financial Information
for the half year ended 1 September 2005

1 Basis of Preparation

The Group has previously prepared its financial statements under UK Generally Accepted Accounting Principles, (UK GAAP). Following a directive by the European Parliament in July 2002, the Group is required to prepare its 2005/6 consolidated financial statements in accordance with International Financial Reporting Standards, (IFRS).

Accordingly this interim report has been prepared using IFRS accounting policies consistent with those which management expect to apply in the Group's first IFRS Annual Report and Financial Statements for the year ending 2 March 2006. The accounting policies followed in this interim report are the same as those published within the investors section of the Group's website,
www.luminar.co.uk
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IFRS currently in issue are subject to ongoing review and endorsement by the European Commission, as well as possible amendment by the IASB, and therefore are subject to possible change. Further standards or interpretations may also be issued that could be applicable for the full year consolidated financial statements. These potential changes could result in the need to change the basis of accounting or presentation of certain financial information from that presented in this document.

This interim report for the half year ended 1 September 2005 does not constitute statutory financial statements as defined in section 240 of the Companies Act 2005. Comparative annual figures for the year ended 27 February 2005 set out within this report have been extracted from the 'The Effect of the Adoption of International Reporting Standards on Comparative Information' as published by the Group on 9 November 2005, as adjusted for changes to the composition of discontinued operations as outlined in note 11 (viii). Statutory consolidated financial statements for the Group for the year ended 27 February 2005, prepared in accordance with UK GAAP, on which the auditors gave an unqualified opinion, have been filed with the Registrar of Companies.

2 Segmental reporting

The Group is principally engaged as owner, developer and operator of theme bars, nightclubs and restaurants.

For management purposes, the Group is currently organised into three main business segments - Dancing, Entertainment and Non-Core operations. Segmental information about these businesses is presented below.

Half year ended 1 September 2005

	Dancing	Entertainment	Non-Core	Corporate costs	Consol
	£m	£m	£m	£m	
Total revenue	91.0	52.4	11.0	-	
Operating profit					

before exceptional items	25.9	8.7	0.7	(10.7)
Exceptional items	8.5	(1.2)	(0.1)	(3.7)
Segment result	34.4	7.5	0.6	(14.4)
Net finance costs				
Profit before taxation				
Tax				
Profit for the period from continuing operations				
Loss from discontinued operations				
Profit for the period				

Half year ended 29 August 2004

	Dancing	Entertainment	Non-Core	Corporate costs	Consol
	£m	£m	£m	£m	
Total revenue	88.4	55.3	15.1	-	
Operating profit before exceptional items	25.8	10.3	0.3	(10.3)	

Exceptional items	-	-	(5.3)	-
Segment result	25.8	10.3	(5.0)	(10.3)
Net finance costs				
Profit before taxation				
Tax				
Profit for the period from continuing operations				
Profit from discontinued operations				
Profit for the period				

Year ended 27 February 2005

	Dancing	Entertainment	Non-Core	Corporate costs
	£m	£m	£m	£m
Total revenue	179.7	109.7	28.4	-
Operating profit before exceptional items	55.4	21.2	1.1	(20.8)
Exceptional items	(3.4)	(1.5)	(22.2)	-
Segment result	52.0	19.7	(21.1)	(20.8)

Net finance costs
Profit before taxation

Tax
Profit for the period
from continuing
operations

Loss from discontinued
operations

Profit for the period

3 Finance costs

	Half year ended	Half year ended	
	1 September 2005	29 August 2004	2
	£m	£m	
Interest payable on bank borrowings	(5.3)	(7.5)	
Interest payable on loan note	-	-	
Interest payable on obligations under finance leases	(0.2)	(0.2)	
Other interest payable	(0.2)	(0.1)	
Total borrowing costs	(5.7)	(7.8)	
Less amounts included in the cost of qualifying assets	0.1	-	
Losses arising on derivatives held for trading	(0.6)	-	
Finance costs	(6.2)	(7.8)	
Income on bank deposits	0.7	0.6	
Other interest receivable	0.8	-	
Investment income	1.5	0.6	

Finance costs - net	(4.7)	(7.2)

4 Taxation

	Half year ended 1 September 2005 £m	Half year ended 29 August 2004 £m	2
Current tax			
- Continuing operations	(7.4)	(6.4)	
- Discontinued operations	0.1	(0.6)	
	(7.3)	(7.0)	
Deferred tax			
- Continuing operations	0.5	1.2	
- Discontinued operations	(1.6)	1.1	
	(1.1)	2.3	
Taxation	(8.4)	(4.7)	

5 Dividends

	Half year ended 1 September 2005 £m	Half year ended 29 August 2004 £m	2
Ordinary shares - final dividend paid: 9.76p per share (Aug 04 & Feb 05: 8.87p) per share	7.1	6.5	
Ordinary shares - interim dividend paid: nil p per share (Feb 05: 4.04p per share)	-	-	

	7.1	6.5

In addition, the directors are proposing an interim dividend in respect of the financial year ended 2 March 2006 of 4.44p per share which will absorb an estimated £3.3 million of shareholders' funds. It is proposed it will be paid on 6 January 2006. This has not been included as a liability within these financial statements.

6 Earnings per share

The calculation of the basic earnings per share is based on the earnings attributed to ordinary shareholders divided by the weighted average number of shares in issue during the year. The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post tax effect of interest, on the assumed conversion of all dilutive options and other dilutive potential ordinary shares.

An alternative measure of earnings per share from continuing operations pre-exceptional items has been included below as the director's believe that this measure of earnings per share is more reflective of the on-going trading of the Group.

	Half year ended 1 September 2005		
	Earnings	Weighted average number of shares (in millions)	Per share
	£m		(
Basic EPS			
Earnings attributable to ordinary shareholders	14.1	73.2	
Effect of dilutive securities - options	-	0.2	
Diluted EPS	14.1	73.4	

Basic EPS from continuing operations	16.5	73.2
Diluted EPS from continuing operations	16.5	73.4
Basic EPS from discontinued operations	(2.4)	73.2
Diluted EPS from discontinued operations	(2.4)	73.4
EPS from continuing operations pre-exceptional items		
Basic EPS from continuing operations pre-exceptional items	13.0	73.2
Diluted EPS from continuing operations pre-exceptional items	13.0	73.4

	Half year ended 29 August 2004 Earnings £m	Weighted average number of shares (in millions)	Per share (
Basic EPS			
Earnings attributable to ordinary shareholders	13.5	73.2	
Diluted EPS	13.5	73.2	
Basic EPS from continuing operations	8.4	73.2	
Diluted EPS from continuing operations	8.4	73.2	
Basic EPS from discontinued operations	5.1	73.2	
Diluted EPS from discontinued operations	5.1	73.2	
EPS from continuing operations			

pre-exceptional items			
Basic EPS from continuing operations pre-exceptional items	12.1	73.2	
Diluted EPS from continuing operations pre-exceptional items	12.1	73.2	

	Year ended 27 February 2005 Earnings £m	Weighted average number of shares (in millions)	Per share (
Basic EPS			
Earnings attributable to ordinary shareholders	1.6	73.2	
Effect of dilutive securities - options	-	0.1	
Diluted EPS	1.6	73.3	
Basic EPS from continuing operations	11.8	73.2	
Diluted EPS from continuing operations	11.8	73.3	
Basic EPS from discontinued operations	(10.2)	73.2	(
Diluted EPS from discontinued operations	(10.2)	73.3	(
EPS from continuing operations pre-exceptional items			
Basic EPS from continuing operations pre-exceptional items	33.9	73.2	

Diluted EPS from continuing operations pre-exceptional items	33.9	73.3

7 Exceptional Items

The Group recognised exceptional items before tax on continuing operations as follows:

	Half year ended 1 September 2005 £m	Half year ended 29 August 2004 £m	Year 27 Februar
Impairment of property, plant and equipment			
- on units held for resale	(3.9)	-	
- on trading units	(1.3)	(5.3)	
Reversal of prior year impairment of property, plant and equipment	3.1	-	
	(2.1)	(5.3)	
Provision for onerous lease commitments	-	-	
Impairment of goodwill	-	-	
Realised profit / (loss) on disposals	1.7	-	
Costs relating to re-organisation and rationalisation	(1.5)	-	
Profit on sale and leaseback	5.4	-	
	3.5	(5.3)	

The impairment of property, plant and equipment on units held for resale of £3.9m, (Aug 04 - £nil, Feb 05 - £7.1m), is required to write down to fair value less costs to sell the carrying value of assets intended to be disposed of in the short term. These units represent 'single sites' held for resale, and not discrete businesses operated by the Group.

The impairment of trading units of £1.3m, (Aug 04 - £5.3m, Feb 05 - £10.5m), principally reflects the difference between the net present value of cash generating units, i.e., discrete trading units, and their carrying value.

The reversal of impairment charges recognised in prior periods of £3.1m, (Aug 04 - £nil, Feb 05 - £nil), reflects amendments to estimates of fair value less costs to sell of single sites held for sale, and a reversal of impairment charges recognised in prior periods where the trigger causing the original impairment to be recognised has reversed.

A profit on disposal of £1.7m (Aug 04 - £nil, Feb 05 - £0.8m charge), has been realised in respect of the disposal of 'single sites' held for resale.

Costs of rationalisation and re-organisation of £1.5m, (Aug 04 - £nil, Feb 05 - £nil), have been incurred in respect of the strategic review of the Entertainment division, together with costs associated with the back-office rationalisation.

A profit of £5.4m, (Aug 04 - £nil, Feb 05 - £nil), has been realised on the sale and leaseback of the Group's Hemel Hempstead complex, which became unconditional on 1 September 2005. Deferred income of £4.5m, relating to proceeds receivable above the fair value of the complex, has been recognised on balance sheet and will be amortised to the income statement over the life of the lease. The cash proceeds of £17.0m have been received during September 2005.

Other exceptional items recognised in 2004/5 relate to provisions for onerous lease commitments on properties where it is unlikely a sub-let will be possible in the foreseeable future, (£3.8m charge) and an impairment of goodwill following the annual impairment review required under IFRS 3, (£4.9m charge).

The Group incurred an exceptional charge before tax on discontinued operations as follows:

	Half year ended 1 September 2005 £m	Half year ended 29 August 2004 £m	Year 27 February
Impairment on property, plant and equipment			
- on units held for resale	-	-	(
Other costs associated with disposals	-	-	
Realised loss on disposal of the Enterprise division	(2.1)	-	
	(2.1)	-	(

An exceptional loss on disposal of the Enterprise division, £2.1m, (Aug 04 - £nil, Feb 05 - £nil), has been recognised on completion of the sale during the first half, (as outlined in note 8).

A charge of £26.4m was recognised in the period to 27 February 2005, representing a write-down to fair value less costs to sell of non-core businesses held for resale of £24.9m, together with a provision for other costs associated with the disposal of these businesses of £1.5m.

8 Discontinued operations

The results of the discontinued operations, comprising the Enterprise division and non-core bars, both within the Non-Core segment, included within the consolidated income statement were as follows:

	Half year ended 1 September 2005 £m	Half year ended 29 August 2004 £m	Ye 27 Febru
Revenue	17.0	29.2	
Expenses	(15.8)	(24.6)	

Profit before tax	1.2	4.6
Attributable tax (expenses) / credits	(1.5)	0.5
(Loss) / Profit after tax before exceptional items	(0.3)	5.1
Exceptional items:		
Re-measurement to held-for-sale	-	-
Loss on disposal of the Enterprise division	(2.1)	-
Attributable tax (expenses) / credits	-	-
Net (loss) / profit attributable to discontinued operations	(2.4)	5.1

On 10 June 2005, the Group completed the disposal of its wholly owned subsidiary, Candu Entertainment Limited, which held the 49 nightclubs forming the major part of its Enterprise division. The net loss realised on the disposal during the first half totalled £2.1m.

Total consideration for the disposal totalled £26.8m, of which initial cash consideration represented £22.6m, deferred contingent consideration recognised on satisfaction of these contingencies represented £3.2m, with additional deferred contingent consideration not yet accrued within the financial statements totalling £1.0m. Cash disposed on the sale of the Enterprise division totalled £0.3m.

Consolidated net assets disposed amounted to £27.2m, with costs associated with the transaction above those charged in the period to 27 February 2005 totalling £0.7m.

9 Reconciliation of movements in shareholders' funds

	Share Capital £m	Share Premium £m	Capital Reserve £m	Merger Reserve £m	Equity Reserve £m

Brought forward at 1 March 2004	18.3	60.9	2.3	313.7	0.1
Profit for the period	-	-	-	-	-
Dividends paid	-	-	-	-	-
Share based payment expense	-	-	-	-	0.1
Carried forward at 29 August 2004	18.3	60.9	2.3	313.7	0.2
Brought forward at 1 March 2004	18.3	60.9	2.3	313.7	0.1
Profit for the period	-	-	-	-	-
Dividends paid	-	-	-	-	-
Share based payment expense	-	-	-	-	0.2
Deferred taxation on share based payments	-	-	-	-	-
Transfer to merger reserve	-	-	-	(33.5)	-
Carried forward at 27 February 2005	18.3	60.9	2.3	280.2	0.3
Brought forward at 28 February 2005	18.3	60.9	2.3	280.2	0.3

Adjustment for implementation of IAS 39	-	-	-	-	-
Restated brought forward at 28 February 2005	18.3	60.9	2.3	280.2	0.3
Profit for the period	-	-	-	-	-
Dividends paid	-	-	-	-	-
Share based payment expense	-	-	-	-	0.1
Carried forward at 1 September 2005	18.3	60.9	2.3	280.2	0.4

10 Cash flow from operating activities and net debt

	Half year ended 1 September 2005 £m	Half year ended 29 August 2004 £m	Ye 27 Febru
Profit before taxation - continuing operations	23.4	13.6	
(Loss) / profit before taxation - discontinued operations	(0.9)	4.6	
Profit / (loss) before taxation	22.5	18.2	
Depreciation, amortisation and impairment	18.8	21.8	
(Profit) / loss on sale of property,			

plant & equipment	(2.3)	(0.7)
Profit on sale and leaseback	(5.4)	-
Loss on disposal of subsidiary undertakings	2.1	-
Interest income and financing costs	4.7	7.2
	40.4	46.5
(Increase) / decrease in inventories	(0.4)	(0.1)
(Increase) / decrease in receivables	(3.8)	(1.6)
(Decrease) / increase in trade and other payables	(2.6)	3.5
(Decrease) / increase in provisions	(0.4)	0.7
Net cash inflow from operating activities	33.2	49.0

The movement in net debt in the period is analysed as follows:

	Half year ended 1 September 2005 £m	Half year ended 29 August 2004 £m	Ye 27 Febru
(Increase) / decrease in cash in the year	(23.9)	8.8	
Non-cash changes - increase in finance lease liabilities	-	5.3	

Cash outflow from repayment of finance	(0.9)	(24.2)
Movement in net debt in the period	(24.8)	(10.1)
Opening net debt	165.1	190.5
Closing net debt	140.3	180.4

11 Reconciliation of profit and net assets under UK GAAP to IFRS

Luminar plc reported under UK GAAP in its previously published annual financial statements for the period ended 27 February 2005, and its interim financial statements for the period to 29 August 2004. The analysis below shows a reconciliation of profit and net assets as previously reported under UK GAAP to the revised net assets and profit under IFRS. In addition there is a reconciliation of net assets under UK GAAP to IFRS as at the transition date for the Group, being 1 March 2004.

(i) Reconciliation of Consolidated Income Statement for the year ended 27 February 2005

	UK GAAP	IFRS Adjustments	Less: IFRS adjustment for discontinued operations
	£m	£m	£m
Continuing operations			
Revenue	375.1	-	62.4
Cost of sales	(69.9)	-	(15.7)
Gross profit	305.2	-	46.7

Administrative expenses before exceptional items			
- pre goodwill amortisation	(238.2)	(1.3)	(38.3)
- goodwill amortisation	(12.9)	12.9	-
- total	(251.1)	11.6	(38.3)
Profit from operations before exceptional items	54.1	11.6	8.4
Exceptional items	(55.0)	1.5	(26.4)
(Loss) / Profit from operations	(0.9)	13.1	(18.0)
Investment income	1.1	-	-
Finance costs	(13.9)	(0.4)	-
(Loss) / Profit before taxation	(13.7)	12.7	(18.0)
Tax on (loss) / profit	(1.7)	4.3	7.4
(Loss) / Profit for the financial period from continuing operations	(15.4)	17.0	(10.6)
Loss from discontinued operations	-	-	10.6
Dividends	(10.1)	10.1	-
(Loss) / Profit transferred to reserves	(25.5)	27.1	-

Principal adjustments affecting profit from operations before exceptional items from UK GAAP to IFRS include:

- Cessation of goodwill amortisation of £12.9m following the implementation of IFRS 3;

- Incremental depreciation £1.5m following review of residual values, (£2.4m charge), and reduced depreciation following transitional impairment of property, plant and equipment, (£0.9m credit);

- Reduction of rentals charged under operating leases by £0.4m following capitalisation of the building element of certain of the Group's leases as finance leases under IAS 17, see note 11 (vi f);

- Charge of £0.2m recognised in respect of share based payments.

Changes to finance costs represent additional interest of £0.4m relating to incremental finance lease liabilities recognised, and the changes to exceptional items are outlined below, see note 11 (ix).

(ii) Consolidated Balance Sheet at 27 February 2005

	Note	UK GAAP	IFRS Adjustments	IFRS adjustment for held-for-sale operations
		£m	£m	£m
Non-current assets				
Goodwill	(a)	199.8	3.3	-
Other intangible assets	(b)	0.1	1.0	-
Property Plant & Equipment	(c)	435.7	(20.9)	(1.3)
Other non-current assets	(d)	-	11.2	(3.6)
		635.6	(5.4)	(4.9)
Current assets				
Inventories		3.8	-	(0.8)
Trade and other receivables		6.2	-	(1.1)

Cash and cash equivalents		23.0	-	(0.4)
		33.0	-	(2.3)
Assets classified as held-for-sale		41.4	(4.0)	7.2
		74.4	(4.0)	4.9
Current liabilities				
Trade and other payables		(45.7)	0.5	7.0
Provisions		-	(0.8)	0.2
Current tax liabilities		(11.3)	(0.5)	-
Proposed dividends	(e)	(7.1)	7.1	-
Bank loans and overdrafts		(0.9)	-	-
Obligations under finance leases	(f)	-	(0.1)	-
		(65.0)	6.2	7.2
Liabilities classified as held-for-sale		-	-	(8.8)
		(65.0)	6.2	(1.6)
Net current assets		9.4	2.2	3.3
Total assets less current liabilities		645.0	(3.2)	(1.6)
Non-current liabilities				
Bank loans		(179.1)	-	-
Obligations under finance leases	(f)	-	(7.1)	-
Deferred income	(g)	-	(5.2)	0.5
Provisions	(h)	(9.4)	3.6	2.6
Deferred tax liabilities	(i)	(15.7)	(41.9)	(1.5)
		(204.2)	(50.6)	1.6
Net assets		440.8	(53.8)	-
Capital and reserves				
Share capital		18.3	-	-
Share premium		60.9	-	-
Capital reserve		2.3	-	-
Merger reserve	(j)	342.4	(14.5)	-

Equity reserve	(k)	-	0.3	-
Retained earnings		16.9	(39.6)	-
Equity shareholders' funds		440.8	(53.8)	-

IFRS adjustments are explained below, see note 11 (vi).

(iii) Reconciliation of Income Statement for the half year to 29 August 2004

	UK GAAP	IFRS Adjustments	Less: IFRS adjustment for discontinued operations *
	£m	£m	£m
Continuing operations			
Revenue	188.0	-	29.2
Cost of sales	(36.4)	-	(7.4)
Gross profit	151.6	-	21.8
Administrative expenses before exceptional items			
- pre goodwill amortisation	(119.6)	(1.3)	(17.2)
- goodwill amortisation	(6.5)	6.5	-
- total	(126.1)	5.2	(17.2)
Profit from operations before exceptional items	25.5	5.2	4.6
Exceptional items	-	(5.3)	-
Profit / (Loss) from operations	25.5	(0.1)	4.6
Investment income	0.6	-	-

Finance costs	(7.6)	(0.2)	-
Profit / (Loss) before taxation	18.5	(0.3)	4.6
Tax on (loss) / profit	(8.1)	3.4	0.5
Profit for the financial period from continuing operations	10.4	3.1	5.1
Profit from discontinued operations	-	-	(5.1)
Dividends	(3.0)	3.0	-
Profit transferred to reserves	7.4	6.1	-

IFRS adjustments are explained below, see note 11 (vi).

* Discontinued operations are presented above despite no disposal groups being held-for-sale at 29 August 2004 as these items are discontinued in the period to 1 September 2005, and appear as discontinued operations when presented as comparatives within the 2006 interim financial information. Discontinued operations at 1 September 2005 represent the Enterprise division and non-core bars held-for-sale.

(iv) Consolidated Balance Sheet at 29 August 2004

	Note	UK GAAP	IFRS Adjustments	UK GAAP Merger Reserve Adjustment
		£m	£m	£m
Non-current assets				
Goodwill	(a)	206.2	1.8	-
Other intangible assets	(b)	0.1	1.1	-
Property Plant & Equipment	(c)	514.4	(33.7)	-
Other non-current assets	(d)	-	11.4	-
		720.7	(19.4)	-
Current assets				
Inventories		4.0	-	-
Trade and other receivables		9.8	-	-
Cash and cash equivalents		46.4	-	-
		60.2	-	-
Current liabilities				
Trade and other payables		(48.8)	(0.6)	-
Provisions		-	(1.0)	-
Current tax liabilities		(11.7)	0.4	-
Proposed dividends	(e)	(3.0)	3.0	-
Bank loans and overdraft		(45.7)	-	-
Obligations under finance leases	(f)	-	(0.1)	-
		(109.2)	1.7	-
Net current assets / (liabilities)		(49.0)	1.7	-
Total assets less current liabilities		671.7	(17.7)	-

Non-current liabilities				
Bank loans		(174.0)	-	-
Obligations under finance leases	(f)	-	(7.1)	-
Deferred income	(g)	-	(5.0)	-
Provisions	(h)	(3.3)	1.3	-
Deferred tax liabilities	(i)	(20.7)	(43.6)	-
		(198.0)	(54.4)	-
Net assets		473.7	(72.1)	-
Capital and reserves				
Share capital		18.3	-	-
Share premium		60.9	-	-
Capital reserve		2.3	-	-
Merger reserve	(j)	342.4	(11.1)	(17.6)
Equity reserve	(k)	-	0.2	-
Retained earnings		49.8	(61.2)	17.6
Equity shareholders' funds		473.7	(72.1)	-

IFRS adjustments are explained below, see note 11 (vi).

(v) Consolidated Balance Sheet at 29 February 2004

	Note	UK GAAP	IFRS Adjustments	UK GAAP Merger Reserve

				Adjustment
		£m	£m	£m
Non-current assets				
Goodwill	(a)	212.7	(4.7)	-
Other intangible assets	(b)	0.1	1.1	-
Property Plant & Equipment	(c)	517.6	(33.1)	-
Other non-current assets	(d)	-	11.6	-
		730.4	(25.1)	-
Current assets				
Inventories		3.9	-	-
Trade and other receivables		8.0	-	-
Cash and cash equivalents		55.2	-	-
		67.1	-	-
Current liabilities				
Trade and other payables		(44.8)	0.1	-
Provisions		-	(0.7)	-
Current tax liabilities		(12.2)	-	-
Proposed dividends	(e)	(6.5)	6.5	-
Bank loans and overdraft		(38.4)	-	-
		(101.9)	5.9	-
Net current (liabilities) / assets		(34.8)	5.9	-
Total assets less current liabilities		695.6	(19.2)	-
Non-current liabilities				
Bank loans		(204.6)	-	-
Loan notes		(0.9)	-	-
Obligations under finance leases	(f)	-	(1.8)	-
Deferred income	(g)	-	(5.0)	-

Provisions	(h)	(3.9)	1.0	-
Deferred tax liabilities	(i)	(19.9)	(46.8)	-
		(229.3)	(52.6)	-
Net assets		466.3	(71.8)	-
Capital and reserves				
Share capital		18.3	-	-
Share premium		60.9	-	-
Capital reserve		2.3	-	-
Merger reserve	(j)	342.4	(11.1)	(17.6)
Equity reserve	(k)	-	0.1	-
Retained earnings		42.4	(60.8)	17.6
Equity shareholders' funds		466.3	(71.8)	-

(vi) Explanation of reconciling items between UK GAAP and IFRS

On transition to IFRS, the Group has recognised the following adjustments in reconciling between UK GAAP and IFRS:

(a) Goodwill is no longer amortised under IFRS, but instead is reviewed annually for impairment. Goodwill amortisation of £12.9m charged in the year to 27 February 2005 has therefore been reversed for IFRS reporting. Following a transitional and annual impairment review, impairment charges of £4.7m and £4.9m have been recorded at 29 February 2004 and in the year to 27 February 2005 respectively.

(b) Under IAS 38, software not integral to the operation of the related hardware is classified as an intangible asset rather than as property, plant and equipment as under UK GAAP. A balance sheet reclassification of £1.1m at 29 February 2004 and £1.0m at 27 February 2005 has therefore been recorded on transition to IFRS.

(c) Following the provisions of IAS 36, the Group has recognised an impairment charge of £21.9m at transition after testing all individual cash generating units for impairment because of a market capitalisation trigger. In the year to 27 February 2005, impairment charges of £9.3m recognised under UK GAAP, and depreciation charges of £0.9m, have subsequently been reversed as a result of the recognition of the transitional impairment under IFRS.

Further GAAP differences within property, plant and equipment relate to the classification of software, (see (b)), lease premiums, (see (d)), assets relating to properties held under finance leases, (see (f)), and incremental depreciation of £2.4m for the period to 27 February 2005 following a review of residual values at transition date as required by IAS 16.

(d) Under IAS 17, premiums paid to acquire leasehold properties are recorded as other non-current assets and not as property, plant and equipment as under UK GAAP. A reclassification adjustment of £11.6m and £11.2m at transition and 27 February 2005 has therefore been made to classify these assets as other non-current assets. These premiums still have to be charged to the income statement over the life of the lease, however under IFRS this charge is classified as rental expense not depreciation, with a consequential reduction of EBITDA by £0.4m when reporting under IFRS.

(e) Under IAS 10, dividends proposed are not classified as liabilities until the period in which they are approved and authorised - as a result the liabilities recognised under UK GAAP at transition and in the balance sheet as at 27 February 2005 of £6.5m and £7.1m respectively have been reversed.

(f) Under IAS 17, the property element of certain of the Group's leases have been classified as finance leases. A liability and the related asset have been recognised on balance sheet, and rental expense replaced with a depreciation charge on the asset and finance costs on the liability.

(g) Following the provisions of IAS 17, incentives received to enter leases are recognised as income over the life of the lease, rather than to the first rent review date as under UK GAAP. As a result, additional deferred income of £5.0m at transition and 27 February 2005 has been brought back on balance sheet.

(h) As a result of the recognition of certain of the Group's leases as finance leases, (see (f) above), provisions for onerous lease commitments relating to the property element of leases now classified as finance leases have been reversed.

(i) As a result of the implementation of IAS 12, deferred tax has been recognised on temporary differences between the tax base cost and the carrying value of assets and liabilities in the financial statements. Under FRS 19, deferred tax was recognised on all timing differences expected to reverse in the future. An additional liability of £46.8m as at transition date, and £41.9m as at 27 February 2005 has therefore been recognised on adoption of IAS 12.

(j) Following impairments of goodwill and property, plant and equipment as a result of the implementation of IFRS, (see (a) and (c) above), the Group has transferred those losses relating to units acquired through the Northern Leisure acquisition to the merger reserve. A merger reserve adjustment has also been recorded to transfer to the merger reserve losses in respect of the impairment of Northern Leisure units recognised under UK GAAP in the periods to 29 February 2004 and 27 February 2005 respectively.

(k) On adoption of IFRS 2, the Group has recognised a charge of £0.2m for the year to 27 February 2005 in respect of share based payment arrangements granted subsequent to 7 November 2002. Under UK GAAP, the intrinsic value of these awards was nil, as the market value of the shares equated to the option price as at the date of grant, therefore no charge was previously recognised within the Group's UK GAAP financial statements.

(vii) Explanation of material adjustments to the cash flow for the year to 27 February 2005

Cash outflows in respect of taxation of £6.8m during the year ended 27 February 2005 have been classified as part of operating cash flows under IFRS, where previously these payments were included in a separate category of cash flows under UK GAAP.

Interest paid of £13.9m during the year ended 27 February 2005 has been classified as part of operating cash flows under IFRS, whereas this outflow was classified under returns on investment and servicing of finance under UK GAAP. Interest received of £1.1m has been classified as part of investing activities under IFRS, whereas under UK GAAP this inflow has been categorised within returns on investment and servicing of finance. Interest paid under IFRS totals £14.3m as an additional £0.4m of interest on the property element of leases treated as finance leases, included within operating cash flows as rental expense under UK GAAP, has been classified as interest paid under IFRS.

There are no other material differences between the cash flow statement presented under IFRS and the cash flow statement presented under UK GAAP.

(viii) Discontinued Operations

The composition of discontinued operations for the year to 27 February 2005 represent the composition of the disposal groups within the restatement to IFRS, representing the Enterprise division and the non-core bars held-for-sale, as at the balance sheet date, i.e., 27 February 2005.

Subsequent to the year end the composition of these disposal groups has changed. The discontinued operations presented for the comparative half year to 29 August 2004 and the year to 27 February 2005 presented within this interim financial information represent the composition of the disposal groups as at 1 September 2005.

Results of units which were within discontinued operations as at 27 February 2005, but are no longer within the relevant disposal groups at 1 September 2005, have been reclassified to within continuing operations within the primary statements for all periods presented.

(ix) Exceptional Items

The differences to the amount and presentation of exceptional items under IFRS for the period to 27 February 2005 is as follows:

	UK GAAP	IFRS adjustments	Sub total	Less IF adjustme Discontin
	£m	£m	£m	£m
Impairment of property, plant and equipment				
- on units held for sale	(36.2)	4.2	(32.0)	(2
- on trading units	(10.3)	(0.2)	(10.5)	
	(46.5)	4.0	(42.5)	(2
Impairment of goodwill	-	(4.9)	(4.9)	
Provision for onerous lease commitments	(6.2)	2.4	(3.8)	
Other costs associated with disposal	(1.5)	-	(1.5)	(
Realised profit / (loss) on disposals	(0.8)	-	(0.8)	

(55.0)	1.5	(53.5)	(2

The changes to exceptional items as recognised under UK GAAP are as follows:

- A net credit to exceptional items of £4.0m, representing a reversal of impairment charges of £9.3m as a result of earlier recognition under IFRS at transition date following a market capitalisation impairment trigger, offset by an additional impairment of £5.3m on closed properties held under finance leases under IFRS;
- Impairment of goodwill of £4.9m following annual impairment test required under IFRS 3;
- Reduction of the provision for onerous lease commitments by £2.4m for the building element of leases recognised as finance leases under IAS 17.