This document comprises a prospectus relating to Gondola Holdings plc (the ''Company'') prepared in accordance with the Prospectus Rules of the Financial Services Authority made under Section 73A of the Financial Services and Markets Act 2000 (''FSMA''). The prospectus will be made available to the public in accordance with the Prospectus Rules.

Application has been made to the Financial Services Authority for the Ordinary Shares, issued and to be issued in connection with the Global Offer described in this document, to be admitted to the Official List of the Financial Services Authority (the ''Official List'') and to London Stock Exchange plc (the ''London Stock Exchange'') for such Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities (together, ''Admission''). Admission to the Official List, together with admission to trading on the London Stock Exchange's main market for listed securities, constitute admission to official listing on a regulated market. In the Global Offer 42,187,500 New Ordinary Shares are being offered by the Company. Conditional dealings in the Ordinary Shares are expected to commence on the London Stock Exchange on 3 November 2005. It is expected that Admission will become effective and unconditional dealings in the Ordinary Shares will commence at 8.00 a.m. (London time) on 8 November 2005. **All dealings in the Ordinary Shares prior to the commencement of unconditional dealings will be of no effect if Admission does not take place and will be at the sole risk of the parties concerned. No application is currently intended to be made for the Ordinary Shares to be admitted to listing or dealt with on any other exchange.**

The Directors of the Company, whose names appear on page 22 of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (the ''Securities Act''), and, subject to certain exceptions, may not be offered or sold within the United States. The Ordinary Shares are being offered and sold within the United States only to ''qualified institutional buyers'' (as defined in Rule 144A under the Securities Act (''Rule 144A'')) in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and outside the United States in reliance on Regulation S under the Securities Act (''Regulation S'').

For a discussion of certain risks and other factors that should be considered in connection with an investment in the Ordinary Shares, please refer to Part II — "Risk Factors".

Gondola Holdings plc

(incorporated in the United Kingdom under the Companies Act 1985 and registered in the United Kingdom with registered number 5566787)

Global Offer of 42,187,500 Ordinary Shares of 25 pence each at a price of 320 pence per Ordinary Share and admission to the Official List and to trading on the London Stock Exchange

Global Co-ordinator and Sponsor

Merrill Lynch International

Joint Bookrunners

Merrill Lynch International **Deutsche Bank** **Goldman Sachs International**

ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION

Authorised			Issued	
Number	Amount		Number	Amount
200,000,000	£50,000,000	Ordinary Shares of 25 pence each	134,678,196	£33,669,549

The New Ordinary Shares to be issued pursuant to the Global Offer will, on Admission, rank *pari passu* in all respects with each other and with all existing Ordinary Shares, and will rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission.

In connection with the Global Offer, Merrill Lynch, as stabilising manager, may, for stabilisation purposes, over-allot Ordinary Shares up to a maximum of 20 per cent. of the total number of Ordinary Shares comprised in the Global Offer. For the purposes of allowing it to cover short positions resulting from any such over-allotments and/or from sales of Ordinary Shares effected by it during the stabilising period, Merrill Lynch has entered into the Over-allotment Arrangements with TDR Capital Nominees Limited and CV1 Limited pursuant to which Merrill Lynch may, on behalf of the Underwriters, purchase or procure purchasers for additional Ordinary Shares up to a maximum of 15 per cent. of the total number of Ordinary Shares comprised in the Global Offer (the ''Over-allotment Shares'') at the Offer Price. The Over-allotment Arrangements are exercisable in whole or in part, upon notice by Merrill Lynch, at any time on or before the 30th calendar day after the commencement of conditional trading of the Ordinary Shares on the London Stock Exchange. Any Over-allotment Shares made available pursuant to the Over-allotment Arrangements will be purchased on the same terms and conditions as the Ordinary Shares being issued or sold in the Global Offer and will form a single class for all purposes with the other Ordinary Shares.

In connection with the Global Offer, Merrill Lynch, as stabilising manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot and effect other transactions with a view to supporting the market price of the Ordinary Shares at a level higher than that which might otherwise prevail in the open market. Merrill Lynch is not required to enter into such transactions and such transactions may be effected on any stock market, over-the-counter market or otherwise. Such stabilising measures, if commenced, may be discontinued at any time and may only be taken during the period from 3 November 2005 up to and including 2 December 2005. Save as required by law or regulation, neither Merrill Lynch nor any of its agents intends to disclose the extent of any over-allotments and/or stabilisation transactions under the Global Offer.

Merrill Lynch, Deutsche Bank and Goldman Sachs International are acting exclusively for the Company and no one else in connection with the Global Offer. They will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Global Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Global Offer or any transaction or arrangement referred to in this document.

Investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised by the Company, TDR Capital, Capricorn, Merrill Lynch, Deutsche Bank or Goldman Sachs International. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to Section 87G of FSMA and paragraph 3.4 of the Prospectus Rules, neither the delivery of this document nor any issue or sale made of Ordinary Shares under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Group since the date of this document or that the information in it is correct as of any subsequent time.

In connection with the Global Offer, Merrill Lynch, Deutsche Bank and Goldman Sachs International and any of their respective affiliates acting as an investor for its or their own accounts may subscribe for and/or acquire Ordinary Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in the Ordinary Shares, any other securities of the Company or other related investments in connection with the Global Offer or otherwise. Accordingly, references in this document to the Ordinary Shares being offered, subscribed, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by, Merrill Lynch, Deutsche Bank or Goldman Sachs International and any of their respective affiliates acting as an investor for its or their own accounts. Merrill Lynch, Deutsche Bank and Goldman Sachs International do not intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so.

This document does not constitute an offer of, or the solicitation of an offer to subscribe for or buy, any Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

The distribution of this document and the offer of the Ordinary Shares in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company, TDR Capital, Capricorn, Merrill Lynch, Deutsche Bank or Goldman Sachs International to permit a public offering of the Ordinary Shares or to permit the possession or distribution of this document (or any other offering or publicity materials relating to the Ordinary Shares) in the UK or any other jurisdiction where action for that purpose may be required. Accordingly, neither this document nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The offer and sale of Ordinary Shares and the distribution of this document are subject to the restrictions set out in paragraph 16 of Part X — "Additional Information".

The contents of this document should not be construed as legal, business or tax advice. Each prospective investor should consult his, her or its own legal adviser, independent financial adviser or tax adviser for legal, financial or tax advice.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

The Ordinary Shares offered hereby have not been and will not be registered under the Securities Act, and may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Prospective investors are hereby notified that sales of Ordinary Shares may be made in reliance on the exemption from the provisions of Section 5 of the Securities Act. The Joint Bookrunners, through their respective selling agents, Deutsche Bank Securities Inc., Goldman, Sachs & Co., and Merrill Lynch, Pierce, Fenner & Smith Incorporated may arrange for the offer and resale of shares in the United States only to qualified institutional buyers in reliance on Rule 144A, or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Any offer or sale of shares in reliance on Rule 144A will be made by broker-dealers who are registered as such under the United States Securities Exchange Act of 1934, as amended. Terms used above have the meanings given to them by Rule 144A under the Securities Act. For a description of these and certain further restrictions on the offer, sale and transfer of the Ordinary Shares and distribution of this prospectus, see paragraph 16 of Part X — "Additional Information". Please note that by receiving this document, purchasers shall be deemed to have made certain representations, acknowledgements and agreements set forth herein including, without limitation, those set forth in paragraph 16 of Part X — "Additional Information".

THE ORDINARY SHARES OFFERED BY THIS DOCUMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER US REGULATORY AUTHORITY, NOR HAVE SUCH AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF ORDINARY SHARES OR THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (''RSA 421-B'') WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT ANY EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION FOR INVESTORS IN THE UNITED STATES

Neither the Company nor any of its subsidiaries is required to file periodic reports under Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended (the ''Exchange Act''). For so long as any Ordinary Shares are ''restricted securities'' within the meaning of Rule 144(a)(3) of the Securities Act, the Company will, during any period in which it is neither subject to Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) of the Exchange Act, provide, upon written request, to holders of Ordinary Shares, any owner of any beneficial interest in Ordinary Shares or to any prospective purchaser designated by such a holder or owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

This document is being furnished by the Company in connection with an offering exempt from the registration requirements of the Securities Act, solely for the purpose of enabling a prospective investor to consider the subscription for or acquisition of Ordinary Shares described herein. The information contained in this document has been provided by the Company and other sources identified herein. This document is being furnished on a confidential basis to persons in the United States. Any reproduction or distribution of this document, in whole or in part, in the United States and any disclosure of its contents or use of any information herein in the United States for any purpose, other than considering an investment by the recipient in the Ordinary Shares offered hereby, is prohibited. Each potential investor in the Ordinary Shares, by accepting delivery of this document, agrees to the foregoing.

ENFORCEMENT OF JUDGMENTS

The Company is a public company incorporated under the laws of England and Wales. Substantially all of the assets of the Company are located in Europe. None of the Directors are citizens or residents of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Company or such persons or to enforce outside the United States judgments obtained against the Company or such persons in the United States, including, without limitation, judgments based upon the civil liability provisions of the US federal securities laws or the laws of any state or territory within the United States. In addition, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in the United Kingdom. Investors may also have difficulties enforcing, in original actions brought in courts in jurisdictions outside the United States, liabilities under the US securities laws.

SOURCES OF INFORMATION

Financial information

Financial information in relation to the Group means, for the purposes of this paragraph, the information in this document which has been extracted without material adjustment from Part VIII — ''Accountants' Reports and Financial Information for the Group'', or which has been extracted from those of the Group's accounting records which have been used to prepare that financial information. Financial information extracted from Part VIII — ''Accountants' Reports and Financial Information for the Group'' is to be found in Part I — ''Summary Information'', Part III — ''Selected Financial Information'', Part IV — ''Industry Overview'', Part V — ''Information on the Group'' and Part VII — ''Operating and Financial Review''. Financial information extracted from the Group's accounting records is to be found principally in Parts I, II, III, IV, V, VII and VIII. Investors should ensure that they read the whole of this document and not just rely on key information or information summarised within it. In addition, all trading information not extracted from Part VIII — ''Accountants' Reports and Financial Information for the Group'' and included in this document is derived from the unaudited management accounts for the relevant periods. These management accounts are prepared using information derived from accounting records used in the preparation of the Group's financial statements, but may also include certain other management assumptions and analyses.

Unaudited operating information

Unaudited operating information in relation to the Group's business is derived from the following sources: (i) management accounts for the relevant accounting periods presented; and (ii) internal financial reporting systems supporting the preparation of financial statements. Operating information derived from management accounts or internal reporting systems in relation to the Group's business is to be found principally in Part VII — ''Operating and Financial Review''. These management accounts are prepared using information derived from accounting records used in the preparation of the Group's financial statements, but may also include certain management assumptions and analyses.

INDUSTRY AND MARKET DATA

This prospectus includes market share and industry data and forecasts that were obtained by the Group from industry publications and surveys and internal company surveys. Mintel was the primary source for third-party industry data and forecasts and further information was provided by (i) TNS and (ii) CACI, providers of market and statistical information on, amongst other things, the UK restaurant and casual dining sector and the premium/authentic sector of the UK eat-in pizza/pasta restaurant market. The Company confirms that the information provided by third parties has been accurately reproduced. So far as the Company is aware and has been able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Certain market share information and other statements in this prospectus regarding the UK restaurant industry and the Group's position relative to its competitors, are not based on published statistical data or information obtained from independent third parties. Rather, such information and statements reflect the Directors' best estimates based upon information obtained from trade and business organisations and associations and other contacts within the industry in which it competes, as well as information published by its competitors.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document, including those in the Parts headed "Summary Information", "Risk Factors", "Information on the Group" and "Operating and Financial Review" constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "forecasts", "plans", "prepares", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other factors are set out more fully in Part II — "Risk Factors". These forward-looking statements speak only as at the date of this document. The Company will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events,

circumstances or unanticipated events occurring after the date of this document except as required by law or by any appropriate regulatory authority.

NON-GAAP FINANCIAL MEASURES

Parts of this prospectus contain information regarding earnings before interest, tax, depreciation and amortisation (''EBITDA''), which is sometimes used by investors to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. There are no generally accepted accounting principles governing the calculation of EBITDA and, as a non-GAAP measure, the criteria upon which EBITDA is based can vary from company to company. EBITDA, by itself, does not provide a sufficient basis to compare the Company's performance with that of other companies and should not be considered in isolation or as a substitute for net income as an indicator of operating performance, or as an alternative to cash flow from operations as a measure of liquidity.

The financial information included in this document is not intended to comply with SEC reporting requirements. Compliance with such requirements would require the modification or exclusion of certain financial measures, including EBITDA, Adjusted EBITDA, EBITDA or Adjusted EBITDA ratios and pro forma data and the presentation of certain other information not included herein.

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, all references in this document to ''sterling'', ''pounds sterling'', ''£'' or ''p'' are to the lawful currency of the United Kingdom. The Group prepares its financial statements in pounds sterling.

Percentages in tables have been rounded and accordingly may not add up to 100 per cent. Certain financial data has been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

Certain terms used in this document, including all capitalised terms and certain technical and other items, are defined and explained in the section headed ''Definitions''.

The financial information in Part VIII — ''Accountants' Reports and Financial Information for the Group'' has been prepared in accordance with UK GAAP with the exception of the financial information prepared under International Financial Reporting Standards (''IFRS''), including International Accounting Standards (''IAS'') and Interpretations, adopted by the International Accounting Standards Board (''IASB'') in Sections B and D of Part VIII. The significant UK GAAP accounting policies applied in the financial information of the Group in the prior years are applied consistently in the financial information in this document.

The audits of financial information included in Part VIII, Sections A, B, C and D were performed using standards issued by the Auditing Practices Board in the United Kingdom. None of the financial information in this document has been audited in accordance with auditing standards generally accepted in the United States of America (''US GAAS'') or auditing standards of the Public Company Accounting Oversight Board (United States) (''PCAOB''). US GAAS and the auditing standards of the PCAOB do not provide for the expression of an opinion on accounting standards which have not been finalised and are still subject to modification, as is the case with accounting standards as adopted for use in the EU and included in Part VIII, Sections B and D. Accordingly, it would not be possible to express an opinion on either the Special Purpose Restated Consolidated Financial Information in Part VIII, Section B, or the Financial Information in Part VIII, Section D, under US GAAS or the auditing standards of the PCAOB. In addition, there could be other differences between the auditing standards issued by the Auditing Practices Board in the United Kingdom and those required by US GAAS or the auditing standards of the PCAOB. Potential investors should consult their own professional advisers to gain an understanding of the Special Purpose Restated Consolidated Financial Information contained herein and the Special Purpose Restated Financial Information and the implications of differences between the auditing standards noted herein.

NO INCORPORATION OF WEBSITE INFORMATION

The contents of the Group's websites do not form part of this document.

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PART I

SUMMARY INFORMATION

This summary should be read as an introduction to the prospectus. Any decision to invest in the Ordinary Shares should be based on the consideration of this prospectus as a whole by the investor. Where a claim relating to the information contained in this prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who are responsible for the summary, including any translations of the summary, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of the prospectus.

1 Information on the Group

The Group is the leading UK casual dining group and the leader in the UK premium/authentic sector of the eat-in pizza/pasta restaurant market as measured by number of restaurants, with more than six times the number of restaurants as its nearest competitor in the premium pizza/pasta segment. The Group's restaurants operate principally under the PizzaExpress, ASK and Zizzi brands, employing approximately 10,000 people and serving around 30 million meals in the year ended 26 June 2005. The Group's network of 497 high quality and well-invested company-owned restaurants are spread across the United Kingdom and the Republic of Ireland and are located within a variety of location types. The Group's restaurants offer a range of pizza and pasta dishes that have a broad appeal to consumers, together with a selection of alcoholic and non-alcoholic beverages, appetisers and desserts, primarily for on-site dining. It opened 24 new restaurants during the year ended 26 June 2005, and plans to open 20 to 25 new restaurants in the year ending 30 June 2006, with an ongoing programme of 25 to 30 new openings per year thereafter.

TDR Capital and Capricorn acquired PizzaExpress in 2003, and the ASK Group in 2004. Since the acquisition of PizzaExpress, the strategic priorities for the Group have included driving profitable growth across the existing restaurant portfolio through a rigorous focus on restaurant basics, restructuring the Group's central and administrative functions and supply chain, pursuing a disciplined new restaurant opening programme, and leveraging the Group's scale to achieve operational efficiencies, cost savings and competitive advantages. Following the acquisition of the ASK Group and implementation of these strategic priorities across the Group, EBITDA before exceptional items[(1)] increased from £55.1 million to £84.6 million, an increase of 53.5 per cent. in the year ended 26 June 2005 compared to the year ended 27 June 2004. EBITDA[(1)] of £84.6 million in the year ended 26 June 2005 represented 22.8 per cent. of turnover from the same operations.

2 Summary financial information

The table below sets out summary financial information for Gondola for the periods indicated. This includes the ASK Group since its date of acquisition on 6 May 2004.

(1) EBITDA before exceptional items from continuing operations of the Group following the Global Offer, not including Discontinued and Non-core Operations.

Combined and consolidated profit and loss account information under UK GAAP

	52 weeks ended		
	29 June 2003	**27 June 2004**	**26 June 2005**
	(£ in millions)		
Group turnover	221.9	240.8	378.8
Cost of sales	(177.0)	(184.7)	(296.5)
Gross profit	44.9	56.1	82.3
Administrative expenses[1]	(21.9)	(31.2)	(45.6)
Group operating profit	23.0	24.9	36.7
Joint venture loss and profit/(loss) on disposal of fixed assets	(2.5)	0.8	2.4
Profit on ordinary activities before interest and taxation	20.5	25.7	39.1

Note:

(1) Administrative expenses include exceptional expenses of £10.1 million, £11.2 million and £14.2 million for the Group's 2003, 2004 and 2005 financial years, respectively, and include amortisation of goodwill of £200,000, £8.2 million and £14.8 million for the same financial years, respectively.

Consolidated profit and loss account information under IFRS

	52 weeks ended
	26 June 2005
	(£ in millions)
Turnover	378.8
Cost of sales	(296.5)
Gross profit	82.3
Other income	2.4
Administrative expenses[1]	(31.2)
Operating profit	53.5

Note:

(1) Administrative expenses include exceptional expenses of £14.2 million, but do not include any amount in respect of amortisation of goodwill. This represents the principal difference between the results under UK GAAP and IFRS.

3 Competitive strengths

The Directors believe that the Group's competitive strengths include:

- ***The market leader in a high-growth sector***

  The Group is the market leader in the high growth UK casual dining sector, which is a significant component of the UK eating-out market, and the Group has a particularly strong position in the authentic/premium segment of the eat-in pizza/pasta restaurant sector. The UK eating-out market generated over £27 billion in sales in 2004[2] (or £66 billion if drinks are included[3]). It has shown steady growth, outstripping GDP growth on a cumulative basis since 1980[4] and it is forecast to increase by 3 per cent. per annum in real terms over the period 2004 to 2010[2].

  Within the restaurant market, the pizza/pasta segment has grown to an estimated £1.2 billion in 2005[5], and is forecast to grow by 10 per cent. at current prices over the next two years to reach approximately £1.3 billion in 2007[5].

(2) Source: Mintel, British Lifestyles Special Report, March 2005.

(3) Source: Office for National Statistics.

(4) Source: Office for National Statistics, Datastream. GDP and restaurant spend at constant 1985 prices.

(5) Source: Mintel, Pizza and Pasta Restaurants Leisure Intelligence, February 2004 and Pizza and Pasta restaurants — UK March 2000 (excludes alcoholic and non-alcoholic beverage sales).

- ***Three strong brands with broad customer appeal***

  PizzaExpress, ASK and Zizzi together served around 30 million customer meals in the year ended 26 June 2005. Each brand benefits from high levels of brand awareness and repeat customer usage.

- ***Systematised restaurant operations***

  The Group's restaurant operations are characterised by a high degree of operational systematisation. The Directors believe the Group derives significant cost and operational benefits from this systematisation.

- ***Opportunities to realise operational efficiencies and other benefits from the combination of PizzaExpress with ASK and Zizzi***

  The acquisition of ASK Central in 2004 provided the Group with significant opportunities to leverage its increased scale in order to reduce costs and provide the Group with long-term competitive advantages. For example, the overhaul of the Group's supply chain delivered £2.4 million of cost savings in the year ended 26 June 2005, and the Directors believe that additional savings of at least £5 million can be achieved from this initiative going forward.

- ***Expertise in rolling out new restaurants***

  The Group is highly experienced at rolling out new restaurants, having opened 91 restaurants over the past three years. The Directors believe that the Group's highly experienced management team coupled with its returns-driven approach and analytical tools, positions the Group well to exploit significant expansion opportunities available to its three core brands.

- ***Large, high quality restaurant portfolio located across the United Kingdom and the Republic of Ireland***

  The Group has well-invested and strategically-located restaurants. The Group's mix of locations provides customer diversification, and avoids over-dependence on any one location or customer type to generate revenue.

- ***Highly cash generative operations***

  The Group's business (including cash flows generated by the ASK Group prior to its acquisition) has generated £236.4 million of cash (defined as aggregated EBITDA before exceptional items adjusted for movements in net working capital) from its operations in the three years ended 26 June 2005. This compares to £226.7 million of aggregated EBITDA (before exceptional items) generated during the same period, representing a cash conversion ratio of 104.3 per cent[6].

- ***Highly experienced and incentivised management team***

  The Group has a highly experienced management team and encourages long-term tenure at all management positions (including restaurant and area managers) through quarterly bonus incentives and opportunities for equity ownership.

4 Strategy

The Group's strategy is to continue to drive profitability from its portfolio by pursuing its core values — namely, delivering superior food, service and overall experience to the customer, whilst offering good value for money. In pursuing these values, the Group also targets long-term and sustainable growth through three principal means:

- focusing on profitable growth from its existing portfolio;
- exploiting the potentially high returns from significant new site roll-out opportunities which the Directors believe are available to the Group; and
- over the longer term, continuing to develop new brands in order to capture a greater share of the market.

(6) Cash conversion is calculated as EBITDA before exceptional items adjusted for movements in net working capital, divided by EBITDA before exceptional items, expressed as a percentage.

5 Overview of the Group and its businesses

The Group operates its restaurants principally under the PizzaExpress, ASK and Zizzi brands.

PizzaExpress and the ASK Group have dedicated management teams to maintain each of the PizzaExpress, ASK and Zizzi brands' identities, cultures and values. They receive support from the central Group management team. Certain functions, such as supply chain, have been integrated across the Group. Heads of other functions meet regularly to share best practices. The Group employs a regional management structure to provide close oversight and support to each restaurant.

The Group is committed to delivering a high quality level of service and overall dining experience to its customers. The Group has programmes for the ongoing training of its employees and monitors performance closely.

Each of PizzaExpress and the ASK Group have their own menu development teams, and the Group commits significant resources to its menu development programme. The Directors believe that continuous menu refreshment is key to increasing repeat customer usage, attracting new customers and improving average spend per head.

The Group's supply chain management and distribution operations have been consolidated, which has delivered cost savings. The Directors believe that this has provided a sound base for further development of the business, and believe significant additional savings can be achieved.

The key aspects of property management — restaurant acquisitions and disposals — have been integrated across the PizzaExpress and the ASK Group restaurant estate. Other property teams, such as those responsible for estate management and construction, maintenance and refurbishment, operate separately within PizzaExpress and the ASK Group. The Group monitors the financial performance of its restaurants on an ongoing basis.

6 Risk factors

Prior to investing in the Ordinary Shares, prospective investors should consider the risks associated therewith, including:

Risks related to the Group's business

- market share and business position may be adversely affected by economic, political and market factors beyond the Group's control;
- increasing labour, food and other costs;
- restaurant locations are generally leased, and increases in rent, early termination or failure to renew or extend any of the Group's leases could adversely affect the Group's profitability;
- consumer preferences and perceptions may change and lessen the demand for the Group's products;
- new, or changes to, government regulation;
- failure to implement the Group's strategy of growing its estate;
- dependence on the timely delivery of fresh ingredients by its suppliers;
- negative publicity relating to one of the Group's restaurants or the Group's merchandising business;
- food-borne illness incidents;
- potential special charges if specific assets are underperforming or if there is a need to close specific restaurants;
- prolonged disruption in the operations of any of the Group's dough manufacturing and distribution centres;
- inadequate protection of intellectual property;
- seasonality, tourism and job market trends, terrorism and major world events; and
- higher turnover rate for restaurant managers.

Risks relating to the Global Offer

- minority shareholders may have difficulty affecting the outcome of shareholder votes;
- TDR Capital's and Capricorn's interests may conflict with those of the Group;
- no prior market for the Ordinary Shares;
- ability to pay dividends;
- share price volatility;
- future sales of Ordinary Shares in the public market could cause the share price to fall; and
- US shareholders may not be able to participate in future equity offerings.

7 Significant shareholder

PandoraExpress LP, a limited partnership controlled by TDR Capital and Capricorn, is the current controlling shareholder of the Group. Immediately following the Global Offer, it is expected that PandoraExpress LP will distribute its holding of Ordinary Shares to TDR Capital and Capricorn. Following the Global Offer, TDR Capital and Capricorn will together control the exercise of 51.4 per cent. of the rights to vote at general meetings of the Company (46.7 per cent. if the Over-allotment Arrangements are exercised in full). The Company and the Principal Shareholders have entered into the Relationship Agreement to regulate their relationship with the Company following Admission. The Relationship Agreement includes provisions for the appointment of Directors by TDR Capital and Capricorn and a prohibition on appointed Directors voting where there are conflicts of interest between the Group and TDR Capital or Capricorn.

In addition, each of the Directors appointed by TDR Capital and Capricorn have agreed that if information about a business opportunity that may be of interest to the Group comes to his attention as a Director, he will not disclose that information for the purpose of any competing business interest. Furthermore, each of such Directors have agreed that where any such information comes to his attention other than in his capacity as a Director (or where the capacity in which he receives the information is unclear) he will not disclose such information to the Group. TDR Capital and Capricorn have agreed to procure that any Director appointed by them under the Relationship Agreement also agrees to these terms.

8 Summary of the Global Offer

The Global Offer will comprise the issue of an aggregate number of 42,187,500 New Ordinary Shares by the Company. In addition, 6,328,125 Ordinary Shares will be made available by TDR Capital Nominees Limited and CV1 Limited pursuant to the Over-allotment Arrangements.

It is expected that Admission will take place and unconditional dealings in the Ordinary Shares will commence on the London Stock Exchange at 8.00 a.m. (London time) on 8 November 2005. Prior to Admission, it is expected that dealings in the Ordinary Shares will commence on a conditional basis on the London Stock Exchange at 8.00 a.m. (London time) on 3 November 2005.

9 Use of proceeds

The net proceeds to be received by the Company through the Global Offer are estimated to be approximately £122 million.

The net proceeds of the issue of New Ordinary Shares will be used (a) as to £91,751,411 to repurchase at par plus accrued interest Gondola Group Loan Notes held by Capricorn and TDR Capital, and (b) as to £30,343,589 in the redemption of the Company Loan Notes to be issued to M&G and Fidelity in connection with the reorganisation of their interest in the Group immediately prior to Admission.

On Admission £370 million will, in addition, be drawn down under the New Facility, entered into on 20 October 2005, to repay existing bank debt.

10 Current trading and prospects

Trading at the Group's restaurants continues to enjoy growth. The Group's revenue from its restaurants for the period from the end of its 2005 financial year to 16 October 2005 increased by 6.3 per cent. and like-for-like sales by 3.2 per cent. on the comparable prior year period. The Directors are confident about the financial and trading prospects of the Group in the current year ending 30 June 2006.

11 Dividend policy

The Directors intend to adopt a progressive dividend policy and will target a payout ratio of approximately 35 to 45 per cent. of profits after tax, which will reflect the long-term earnings and cash-flow potential of the Group, whilst maintaining an appropriate level of dividend cover.

The first dividend expected to be paid by the Company will be the interim dividend in respect of the six-month period ended 31 December 2005.

12 Capitalisation and indebtedness

The Group's capitalisation as at 26 June 2005 was £1.3 million and its indebtedness as at 21 August 2005 was £550.8 million.

13 Reasons for the Global Offer

The Directors anticipate that the Global Offer will:

- provide a partial realisation, by way of paydown of shareholder debt, of the investment in the Group by TDR Capital, Capricorn, Fidelity and M&G;
- further increase the Group's profile, brand recognition and credibility with its customers, suppliers and employees; and
- assist in recruiting, retaining and incentivising key management and employees.

14 Lock-up arrangements

The Company has agreed not to issue, and TDR Capital, Capricorn, Fidelity and M&G have agreed that they will not dispose of, Ordinary Shares during the period of six months following Admission. Directors, members of Senior Management and employees who hold Ordinary Shares will be subject to a separate 12-month lock-up period.

15 Documents on display

Copies of this prospectus, the financial information referred to herein, the accountants' reports, the Company's constitutional documents, its share scheme rules, and certain consent letters, will be on display during normal business hours for a period of 12 months following Admission at Linklaters, One Silk Street, London EC2Y 8HQ.

PART II

RISK FACTORS

Prior to investing in the Ordinary Shares, prospective investors should carefully consider the risk factors relating to the Group's business, the industry it operates in and the Global Offer described below, together with all other information contained in this document. Additional risks and uncertainties not presently known to the Company or that the Company currently believes to be immaterial may also have a material adverse effect on the Group's financial condition or business success. If any, or a combination, of these risks actually occurs, the Group's business, financial condition and operating results could be adversely affected. If this occurs, the price of the Ordinary Shares may decline and investors could lose all or part of their investment.

Risks related to the Group's business

The Group's market share and business position may be adversely affected by economic, political and market factors beyond the Group's control

Many factors affect the level of consumer spending in the overall food service market and the casual dining market, including interest rates, currency exchange rates, recession, inflation, deflation, political uncertainty, the availability of consumer credit, taxation, stock market performance, unemployment and other matters that influence consumer confidence. While the Directors believe a number of prevailing trends benefit the Group's business (including an increasingly wealthy population with greater disposable income and a greater focus on the value of leisure time), the performance of the Group may decline during recessionary periods or in other periods where one or more macro-economic factors, or potential macro-economic factors, negatively affect the level of consumer spending or the amount that consumers spend on eating out.

The Group competes in the United Kingdom and the Republic of Ireland against other national and international restaurant chains, as well as many regional and local businesses. The Group may experience increased competition from existing or new companies in the pizza/pasta restaurant segment, which might require the Group to grow its business in order to maintain its market share. If the Group is unable to maintain its competitive position, it could experience downward pressure on prices, lower demand for its products, reduced margins, an inability to take advantage of new business opportunities and a loss of market share, all of which would have an adverse impact on the Group's business, financial and other conditions, profitability and results of operations.

The Group also competes on a broader scale with casual dining and other international, national, regional and local businesses. The overall food service market, and the casual dining market in particular, are highly competitive with respect to food quality, price, service, convenience and concept.

The Group also competes with other businesses for management, hourly employees and suitable real estate sites. Difficulty in securing suitable management, hourly employees and sites for new restaurants would have an adverse impact on the Group's business, financial and other conditions, profitability and results of operations.

Increasing labour, food and other costs could adversely affect the Group's profitability

An increase in any of the Group's operating costs will negatively affect the Group's profitability. Factors such as increased labour and employee benefit costs, food costs and inflation may adversely affect the Group's operating costs. Most of the factors affecting costs are beyond the Group's control and, in many cases, the Group may not be able to pass along these increased costs to its customers. Most ingredients used in the Group's pizza and pasta dishes, including flour, cheese and tomatoes, are commodities and therefore subject to price fluctuations as a result of seasonality, weather, demand and other factors. The Group has no control over fluctuations in the price and availability of ingredients or variations in products caused by these factors. The Group typically does not rely on written contracts or long-term arrangements with its suppliers, as is customary for the industry in which the Group operates. Although the Group has not experienced significant problems with its suppliers in the past, its suppliers may implement significant price increases or may not meet the Group's requirements in a timely fashion, if at all, and alternative supplies may not be available, or available on commercially acceptable terms.

In addition, the Group is dependent upon an available labour pool of employees, many of whom are hourly employees whose pay is subject to the UK national minimum wage. Past increases in the minimum wage have increased the Group's labour costs. The main hourly minimum wage rate for workers aged 22 and over increased from £4.85 to £5.05 on 1 October 2005, which increased the Group's operating expenses. Under the National Insurance Contributions and Statutory Payments Act 2004, employers must contribute to the National Insurance payments on behalf of each employee earning above a designated threshold. An increase in the wages or employers' mandatory National Insurance Contributions will increase the amounts the Group contributes on

behalf of its employees. A shortage in the labour pool or other general inflationary pressures or changes will also increase the Group's labour costs. Any increases in food, labour and other costs could have a material adverse effect on the Group's business, financial and other conditions, profitability and results of operations.

The Group's restaurant locations are generally leased. Increases in rental payments or the early termination of any of the Group's leases, or the failure to renew or extend the terms of any of the Group's leases or the default by licensees or assignees, could adversely affect the Group's profitability

The Group's operating performance depends in part on its ability to secure leases in desired locations at rents it believes to be reasonable. The Group currently leases almost all of its restaurants for a typical term of 25 years. The leases for the Group's restaurants generally require that their annual rent be reviewed on an "upwards-only" basis five years after the initial signing of the lease, and at the end of every five-year period thereafter for the duration of the lease. If agreement on "open market" rent cannot be reached between the two parties, the matter is referred to an independent surveyor, who determines the premises' open-market rent. The annual rent for the premises then becomes the greater of such open market rental value and the previous contractually agreed rent. As a result, the Group is unable to predict or control the amount of any future increases in its rental costs arising from the review of rents it pays for its restaurants and is unable to benefit from any decline in the open market rental value of its restaurants. Any substantial increase in the rent paid by the Group on its restaurants could adversely affect the Group's business, financial and other conditions, profitability and results of operations.

Each lease agreement also provides that the lessor may terminate the lease for a number of reasons, including if the Group defaults in any payment of rent or taxes or if the Group breaches any covenant or agreement in the lease. Termination of any of the Group's leases could harm the results of the Group's operations. Although the Group believes that it will be able to renew its existing leases, it can offer no assurances that it will succeed in obtaining extensions in the future, or that any such extensions will be at rental rates that the Group believes to be reasonable.

The Group's principal premises in Uxbridge, from which a range of restaurant support services are provided, are leased. The Group is currently considering moving out of these premises. Although management would seek to ensure that any move is well planned and efficiently implemented, there nonetheless remains a risk of disruption to the Group's support operations.

The Group has assigned and licensed a number of properties for which it held or holds the leasehold. Default by assignees or licensees, as the case may be, may result in the Group becoming liable for lease payments and other amounts due under the relevant leases.

At the expiry or termination of its leases, the Group may have to pay sums of money to its landlords in lieu of carrying out works of repair and/or redecoration of the premises as required under the leases. This would adversely affect the Group's business, financial and other conditions, profitability and results of operations.

The food service market is affected by consumer preferences and perceptions. Changes in these preferences and perceptions may lessen the demand for the Group's products, which could reduce the Group's turnover and harm its business

Food service businesses are affected by changes in consumer tastes, national, regional and local economic conditions and demographic trends. The Group is primarily dependent on a limited selection of products. If consumer demand for pizza or pasta should decrease due to dietary preferences or for other reasons, this could reduce the Group's turnover and harm its business. While the premium pizza/pasta offering on which the Group depends has been consistently popular over a long period of time, there can be no assurance that changes in consumer preference will not affect its appeal in the future, which could reduce the Group's turnover and harm its business.

The Group's failure to comply with existing or increased regulations, or the introduction of changes to existing regulations, could adversely affect its business, financial and other conditions, profitability and results of operations

The Group is subject to significant government regulation at a national and local level, including various health, sanitation, planning permission, licensing, fire and safety standards. The Group is also subject to various UK and EU regulations governing the Group's relationship with employees, including such matters as minimum wage requirements, the treatment of part-time workers, employers' National Insurance contributions, overtime and other working conditions. A failure to comply with one or more regulations could result in the imposition of sanctions, including the closing of facilities for an indeterminate period of time, recalling of certain products, or

third-party litigation, any of which could have a material adverse effect on the Group's business, financial and other conditions, profitability and results of operations.

Alcoholic beverage control regulations relate to numerous aspects of a restaurant's operations, including the hours of operation, advertising, wholesale purchasing, inventory control and the handling, storage and dispensing of alcoholic beverages. Each of the Group's restaurants sells alcoholic beverages and is therefore subject to licensing and regulation by a number of governmental authorities, including the Department for Culture, Media and Sport, pursuant to the UK Licensing Act 2003 and related laws and regulations. Changes to licensing and regulation could cause the Group to incur additional costs which the Group may not be able to pass on to its customers or which may lead to higher prices being charged to consumers making eating out less attractive and leading to a decline in sales. The failure to obtain or renew licences for the sale of alcoholic beverages could have an adverse effect on the Group's business and financial performance.

There has been a recent consultation exercise on smoking in public places which may lead to the introduction of regulations controlling smoking in public. The current timetable suggested by the Government envisages a total smoking ban in all premises licensed to sell alcohol by the end of 2008. While the Group believes its experience of such a ban in Ireland suggests it will not have a material impact on its business, there can be no assurance that this will be the case. Any such regulations may have the effect of discouraging smokers from using restaurants, which may, in turn, have an adverse effect on the Group's operations.

Additionally, a change in the VAT or other tax regimes applicable to the Group's business may result in uncertainty, disruption to operations and/or implementation costs which the Group may not be able to pass on to its customers or which may lead to higher prices being charged to consumers, making eating out less attractive and leading to a decline in sales.

A failure to implement the Group's strategy of growing its estate may have an adverse impact on its business, financial and other conditions, profitability and results of operations

The Group intends to pursue further restaurant openings on a selective basis in under-served areas which offer the Group growth opportunities. However, there is no guarantee that the Group will be able to locate a sufficient number of appropriate sites to meet its growth and financial targets. This, as well as the selection of sites that do not provide satisfactory financial returns, may adversely impact on the Group's ability to increase turnover and operating profits and may also damage the Group's brands.

The Group is dependent upon the timely delivery of fresh ingredients by its suppliers and distributors, the failure of which could have an adverse effect on its business, financial and other conditions, profitability and results of operations

The Group's restaurant operations are dependent on timely deliveries of fresh ingredients, including fresh produce and dairy products. The Group depends substantially on third-party distributors and suppliers for such deliveries. While historically its suppliers have supplied the Group with an adequate volume of ingredients, in the future they may be unable to provide the Group with a volume of ingredients sufficient for the Group to meet customer demand for its products. If the quality of the Group's suppliers' ingredients declines, the Group may not be able to obtain replacement quality ingredients on commercially agreeable terms in the open market. If the Group's food quality declines due to the lower quality of its ingredients or due to interruptions in the flow of fresh ingredients and similar factors, customer traffic may decline and negatively affect the Group's results. In the event of a major disruption to the timely supply of quality, fresh ingredients, alternative suppliers of food and/or distribution services (as the case may be) may only be available at higher prices.

Negative publicity relating to one of the Group's restaurants or to the Group's merchandising activities could reduce turnover at some or all of the Group's other restaurants

The Group may, from time to time, receive negative publicity relating to food quality, restaurant facilities, health inspection scores, employee relationships, food contamination or other matters at one or more of its restaurants. Adverse publicity may negatively affect the Group, regardless of whether the allegations are valid, whether they are limited to just a single location or whether the Group is at fault. The negative impact of adverse publicity relating to one restaurant may extend far beyond the restaurant involved to affect some or all of the Group's other restaurants. A similar risk exists with respect to the Group's merchandising activities if customers associate negative publicity regarding the Group's PizzaExpress brand retail products, which are made by third parties, with its restaurant operations, or vice versa.

Food-borne illness incidents could reduce the Group's restaurant turnover or subject the Group to third-party litigation

The Group cannot guarantee that its internal controls and training will be fully effective in preventing all food-borne illnesses. Furthermore, the Group relies on third-party food processors, which introduces additional requirements in monitoring food safety compliance and may increase the risk that food-borne illness could affect multiple locations rather than single restaurants. Some food-borne illness incidents could be caused by third-party food suppliers and transporters outside of the Group's control. New illnesses resistant to the Group's current precautions may develop in the future, or diseases with long incubation periods could arise that could give rise to claims or allegations on a retroactive basis. One or more instances of food-borne illness in one of the Group's restaurants could negatively affect the Group's turnover and conceivably have an impact on all of its restaurants if highly publicised. If any person becomes ill, or alleges becoming ill, as a result of eating food prepared by the Group, the Group may be liable for damages, or be subject to regulatory action or adverse publicity (as described above). This risk exists even if it were later determined that the illness was wrongly attributed to one of the Group's restaurants.

The Group may be required to recognise special charges if specific assets are underperforming or if the Group concludes that there is a need to close specific restaurants

Impairment charges are required by accounting principles when an asset, such as a restaurant, performs so poorly that the Group determines that the asset is worth less than its value as stated in the Group's accounting records. In conjunction with the Group's restaurant monitoring strategy, the Group periodically reviews the operating results of individual restaurants to determine if impairment charges on underperforming assets are necessary. In addition, the Group from time to time closes restaurants and recognises an impairment charge. Impairment charges and other special charges will reduce the Group's profits.

Any prolonged disruption in the operations of any of the Group's dough manufacturing and distribution centres could harm the Group's business, financial and other conditions, profitability and results of operations

The Group's dough manufacturing facilities service all the Group's restaurants. As a result, any prolonged disruption in the operations of these facilities, whether due to technical or labour difficulties, destruction or damage to the facility, real estate or other reasons, could result in increased costs and reduced turnover and the Group's profitability and prospects could be harmed. The Group does, however, maintain a back-up reserve of, on average, four weeks' supply of dough. Management believes that, in the event of a major disruption to the Group's ability to manufacture and supply dough to its restaurants, alternative sources of supply could be found prior to this reserve being exhausted but there can be no guarantee that such alternative sources of supply could be found or, if found, that such alternative sources could be acquired on commercially acceptable terms.

The Group may not be able to protect its intellectual property adequately, which could harm the value of its brands and branded products and adversely affect its business, financial and other conditions, profitability and results of operations

The Group depends in large part on its brands and branded products and believes that they are very important to its business. The Group relies on a combination of trade marks, service marks and similar intellectual property rights to protect its brand and branded products. The success of the Group's business depends, in part, on its continued ability to use its existing trade marks and service marks in order to increase brand awareness and further develop its branded products. Although the Group has registered each of its restaurants' brand names, trade marks and logos that distinguish its products for trade mark protection in the United Kingdom and other relevant jurisdictions, the actions taken by the Group may be inadequate to prevent imitation of the Group's brands and concepts by others or to prevent others from claiming violations of their trade marks and proprietary rights by the Group. The Group has licensed certain of its trade marks for use within and outside the United Kingdom and, although the Group has sought to ensure that it has adequate controls over the use of its trade marks, it is possible that licensees could take action which results in damage to the Group's intellectual property. If the Group's efforts to protect its intellectual property prove to be inadequate, the value of the Group's brands and branded products could be harmed, which could adversely affect the Group's business, financial and other conditions, profitability and results of operations.

The Group's restaurant sales are subject to seasonality, tourism and job market trends, terrorism and major world events

The Group's restaurant sales volume experiences moderate seasonal fluctuations. Overall, restaurant turnover is generally higher in the first half of the financial year and lower in the second half. Weather conditions can have an influence on the Group's business. Occupancy and other operating costs, which remain relatively constant, have a disproportionately greater negative effect on operating results during periods with lower restaurant turnover.

The Group's restaurants located in central London are affected by various factors. Restaurants in certain areas of central London are affected by the level of employment in the City of London; other restaurants, particularly those in tourist areas (for example, the West End), are affected by the number of tourists who visit London, which in turn is affected by major world events, including war and terrorist attacks; and restaurants in retail centres are affected by levels of retail activity. Accordingly, a decrease in the levels of employment in the City of London, the number of tourists who visit London, or general retail activity, could negatively affect the Group's business, financial and other conditions, profitability and results of operations. The Group's business could also be affected by other major world events, such as the widespread outbreak of illness, which could reduce levels of tourism and other economic activity.

The Group may experience a higher turnover rate for its restaurant managers, which could adversely affect the Group's business, financial and other conditions, profitability and results of operations

The individual success of each of the Group's restaurants substantially depends on the Group's ability to hire and retain qualified restaurant managers and restaurant personnel. The Group incurs significant costs from the hiring and training of new managers and other restaurant personnel and a high turnover rate for such personnel makes it difficult to ensure the consistency of the Group's food and customer service. Any significant increase in the turnover rate for its restaurant managers could increase the costs the Group incurs from hiring and training managers and diminish the quality and consistency of the Group's restaurants' food and customer service. A substantial increase in the costs of training restaurant managers and personnel or a decrease in the quality and consistency of the Group's food and customer service could adversely affect the Group's business, financial and other conditions, profitability, and results of operations.

Risks related to the Global Offer

Minority shareholders may have difficulty affecting the outcome of shareholder votes

PandoraExpress LP, a limited partnership controlled by TDR Capital and Capricorn, is the current controlling shareholder of the Group. Immediately following Admission, it is expected that PandoraExpress LP will distribute its holding of Ordinary Shares to TDR Capital and Capricorn. Following the Global Offer, TDR Capital and Capricorn will together own 51.4 per cent. of the Company's Ordinary Shares (46.7 per cent. if the Over-allotment Arrangements are exercised in full). Following the Global Offer, TDR Capital and Capricorn will, through the votes they may be able to exercise at general meetings of the Company, continue to be able to exercise a significant degree of influence over, and in some cases, through such voting rights determine, the outcome of certain matters to be considered by the Company's shareholders, including:

- the election of Directors;
- substantial mergers or other business combinations;
- the acquisition or disposal of substantial assets;
- the issuance of Ordinary Shares or other equity securities; and
- the payment of any dividends on the Ordinary Shares.

Although the Company and the Principal Shareholders have entered into the Relationship Agreement, and the Company has agreed certain terms of appointment for Directors to ensure that, after Admission, the Company operates independently of TDR Capital and Capricorn (as described in paragraph 18 of Part X — "Additional Information"), TDR Capital and Capricorn are nevertheless in a position to exercise significant influence over matters requiring the approval of shareholders.

TDR Capital's and Capricorn's interests may conflict with those of the Group

TDR Capital and/or Capricorn may make acquisitions of, or investments in, other businesses in the restaurant industry that may be, or may become, competitors of the Group. In addition, funds or other entities managed or

advised by TDR Capital and/or Capricorn may be in direct competition with the Company on potential acquisitions of, or investments in, certain businesses. To regulate these conflicts of interest, the Relationship Agreement and the terms of Directors' appointments contain provisions which prevent directors appointed by TDR Capital and Capricorn from (a) voting on matters where there are conflicts of interest, and (b) using information obtained through their involvement with the Company for the benefit of their other interests.

There has been no prior market for the Ordinary Shares and an active public market for the Ordinary Shares may not develop or be sustained

Prior to the Global Offer, there has been no public market for the Ordinary Shares. Although the Company has applied for Admission, and it is expected that these applications will be approved, the Company can give no assurance that an active trading market for the Ordinary Shares will develop or, if developed, will be sustained following the closing of the Global Offer. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected. The Offer Price, which may bear no relationship to the price at which Ordinary Shares will trade upon completion of the Global Offer, will be agreed between the Company, TDR Capital, Capricorn, Merrill Lynch, Deutsche Bank and Goldman Sachs International based upon factors that may not be indicative of future market performance. See Part IX — ''Details of the Global Offer'' for a description of the Global Offer.

As a holding company, the Company's ability to pay dividends will depend upon the level of distributions, if any, received from its operating subsidiaries and the level of cash balances

The payment of dividends by the Company is subject to the Company having sufficient distributable reserves for such purposes after the receipt of amounts from its subsidiaries. The availability of such reserves is in part subject to steps which have yet to be taken for the court approval of a reduction of the Company's share premium account. The Company has passed a resolution to reduce its share premium account, as it will stand following completion of the Global Offer, and will apply to the High Court of Justice in England and Wales after Admission for an order confirming the reduction (see paragraph 2.3.5 of Part X — ''Additional Information''). At this time, the Company is not able to provide any assurance that such application will be successful.

The share prices of publicly traded companies can be highly volatile

The share prices of publicly traded companies can be highly volatile. The price at which the Ordinary Shares may be quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Group and its operations and some which may affect the restaurant industry as a whole, or quoted companies generally. These factors could include the Group's financial performance, development programmes, large purchases or sales of shares, legislative or regulatory changes in the restaurant industry and generally economic conditions.

Future sales of Ordinary Shares in the public market could cause the share price to fall

PandoraExpress LP, a limited partnership controlled by TDR Capital and Capricorn, is the current controlling shareholder of the Group. Immediately following Admission, it is expected that PandoraExpress LP will distribute its holding of Ordinary Shares to TDR Capital and Capricorn. Following the Global Offer, TDR Capital and Capricorn will together own 51.4 per cent. of the Company's outstanding Ordinary Shares (46.7 per cent. if the Over-allotment Arrangements are exercised in full). The Company is unable to predict whether substantial amounts of Ordinary Shares in addition to those which will be available in the Global Offer will be sold in the open market following termination of the lock-up arrangements described in Part IX — ''Details of the Global Offer''. Sales of a substantial number of Ordinary Shares in the public market after Admission, or the perception that these sales might occur, could depress the market price of the Ordinary Shares and could impair the Company's ability to raise capital through the sale of additional equity securities.

Holders of Ordinary Shares in the United States may not be able to participate in future equity offerings

The Company's constitutional documents provide for pre-emptive rights to be granted to its existing shareholders, unless such rights are disapplied by shareholder resolution. However, US shareholders may not be entitled to exercise these rights unless the rights and Ordinary Shares are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. The Company cannot at this point predict whether it would seek such registration and intends to evaluate, at the time of any rights offering, the costs and

potential liabilities associated with registration or qualifying for an exemption, as well as the indirect benefits to the Company of enabling US shareholders to exercise rights and any other factors it considers appropriate at the time, prior to making a decision whether to file a registration statement with the United States Securities and Exchange Commission or utilise an exemption from the registration requirements of the Securities Act.

GLOBAL OFFER STATISTICS

Offer Price (per Ordinary Share)	320 pence
Number of New Ordinary Shares being offered in the Global Offer	42,187,500
Number of Ordinary Shares subject to the Over-allotment Arrangements	6,328,125
Number of Ordinary Shares in issue following the Global Offer	134,678,196
Percentage of enlarged issued share capital being offered in the Global Offer(1)	31.3 per cent.
Expected market capitalisation of the Company	£431 million
Estimated net proceeds of the Global Offer receivable by the Company(2)	£122 million

Notes:

(1) The stated percentage does not include any Over-allotment Shares that may be offered pursuant to the Over-allotment Arrangements.

(2) The estimated net proceeds to the Company are stated after deduction of the estimated underwriting commissions and other fees and expenses of the Global Offer payable by the Company which, including costs related to the Reorganisation and the New Facility, are currently estimated to be £12.9 million.

EXPECTED TIMETABLE FOR THE GLOBAL OFFER

Event	2005
Conditional dealings commence on the London Stock Exchange	3 November
Admission and commencement of unconditional dealings on the London Stock Exchange	8.00 a.m. on 8 November
Shares credited to CREST accounts	8 November
Despatch of definitive share certificates (where applicable)	from 15 November

It should be noted that, if Admission does not occur, all conditional dealings will be of no effect and any such conditional dealings will be at the sole risk of the parties concerned.

Each of the times and dates in the above timetable is subject to change. References to times are to London time unless otherwise stated. Temporary documents of title will not be issued.

DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	David Ross (Chairman) Harvey Smyth (Executive) Jo Fleet (Executive) Chris Heath (Executive, Chief Financial Officer and Commercial Director) Manjit Dale (Non-Executive) Julian Seaward (Non-Executive) Robert 't Hooft (Non-Executive) Zillah Byng-Maddick (Non-Executive) Richard Grigson (Senior Non-Executive) Karen Jones (Non-Executive)
Company Secretary	Martin Eckersley
Registered Office	20 High Street St Albans Hertfordshire AL3 4EL
Principal Premises	1 Union Business Park Florence Way Uxbridge UB8 2LS
Global Co-ordinator, Sponsor and Joint Bookrunner	**Merrill Lynch International** Merrill Lynch Financial Centre 2 King Edward Street London EC1A 1HQ
Joint Bookrunner	**Deutsche Bank AG London Branch** Winchester House 1 Great Winchester Street London EC2N 2DB
Joint Bookrunner	**Goldman Sachs International** Peterborough Court 133 Fleet Street London EC4A 2BB
Legal advisers to the Company as to English law	**Linklaters** One Silk Street London EC2Y 8HQ **Herbert Smith LLP** Exchange House Primrose Street London EC2A 2HS
Legal advisers to the Company as to US law	**Linklaters** One Silk Street London EC2Y 8HQ
Legal advisers to the Global Co-ordinator, Sponsor and Joint Bookrunners	**Freshfields Bruckhaus Deringer** 65 Fleet Street London EC4Y 1HS
Auditors and Reporting Accountants	**PricewaterhouseCoopers LLP** 1 Embankment Place London WC2N 6RH
Principal Bankers	**HSBC** 8 Canada Square London E14 5HQ **The Royal Bank of Scotland plc** 28 Cavendish Square London W1G 0DB
Registrars	**Lloyds TSB Registrars** The Causeway Worthing West Sussex BN99 6DA

PART III

SELECTED FINANCIAL INFORMATION

The following is a summary of the Group's financial information for the periods indicated. The data has been extracted without material adjustment from, and is qualified in its entirety by reference to, the financial information in Part VIII — "Accountants' Reports and Financial Information for the Group". The summary should be read in conjunction with that section and with Part VII — "Operating and Financial Review". Investors are advised to read the whole of this document and not rely on just the key or summarised information.

The Group's financial information for its 2003, 2004 and 2005 financial years are not directly comparable, as the financial information for each year is based upon a combination and consolidation that includes different entities. The Group's financial information for its 2005 financial year is based upon the consolidated financial information of Gondola Group Limited for the 52-week period ended 26 June 2005. The Group's financial information for its 2004 financial year is based upon the consolidated financial information of PandoraExpress 1 Limited and its subsidiaries from 30 June 2003 to 6 May 2004 (the date of the ASK Acquisition) and the consolidated financial information of Gondola Group Limited and its subsidiaries, including ASK Central PLC and PandoraExpress 1 Limited, from 6 May 2004 to 27 June 2004. The Group's financial information for its 2003 financial year is based upon the consolidated financial information of PizzaExpress Limited and its subsidiaries from 1 July 2002 to 18 June 2003 (the date of the PizzaExpress Acquisition) and the consolidated financial information of PandoraExpress 1 Limited and its subsidiaries from 18 June 2003 to 29 June 2003.

Except as otherwise noted, all amounts in this discussion and analysis are presented in accordance with UK GAAP, which differs in certain respects from IFRS and from US GAAP. The Group intends to prepare financial information for its current financial year and subsequent financial years in accordance with IFRS. For a description of the principal differences between UK GAAP, IFRS and US GAAP, please refer to Section E of Part VIII — "Accountants' Reports and Financial Information for the Group".

UK GAAP

Combined and consolidated profit and loss account data

	52 weeks ended		
	29 June 2003	27 June 2004	26 June 2005
	(£ in millions)		
Group turnover	221.9	240.8	378.8
Cost of sales	(177.0)	(184.7)	(296.5)
Gross profit	44.9	56.1	82.3
Administrative expenses(1)	(21.9)	(31.2)	(45.6)
Group operating profit	23.0	24.9	36.7
Joint venture loss and (loss)/profit on disposal of fixed assets	(2.5)	0.8	2.4
Profit on ordinary activities before interest and taxation	20.5	25.7	39.1
Net interest receivable/(payable)	0.7	(52.1)	(72.7)
Taxation on profit/(loss) on ordinary activities	(9.7)	(3.0)	7.1
Profit/(loss) on ordinary activities after taxation	11.5	(29.4)	(26.5)
Minority interests	—	(3.1)	(2.9)
Profit/(loss) for the financial period	11.5	(32.5)	(29.4)
Dividends on equity shares	(2.2)	—	—
Appropriation	—	—	(90.0)
Retained profit/(loss) for the financial period	9.3	(32.5)	(119.4)

(1) Administrative expenses include exceptional expenses of £10.1 million, £11.2 million and £14.2 million for the Group's 2003, 2004 and 2005 financial years, respectively, and include amortisation of goodwill of £200,000, £8.2 million and £14.8 million for the same financial years, respectively.

Combined and consolidated balance sheet data

	29 June 2003	27 June 2004	26 June 2005
	(£ in millions)		
Fixed assets	286.3	498.8	482.4
Current assets	41.8	111.2	59.3
Creditors: amounts falling due within one year	(300.2)	(388.6)	(454.9)
Net current liabilities	(258.4)	(277.4)	(395.6)
Total assets less current liabilities	27.9	221.4	86.8
Creditors: amounts falling due after one year	—	(214.1)	(200.4)
Provisions for liabilities and charges	(14.4)	(23.0)	(17.3)
Net assets/(liabilities)	13.5	(15.7)	(130.9)
Shareholder's funds/(deficit)	0.5	(31.8)	(149.9)
Minority interests	13.0	16.1	19.0
Total capital employed	13.5	(15.7)	(130.9)

Combined and consolidated cash flow statement data

	52 weeks ended		
	29 June 2003	27 June 2004	26 June 2005
	(£ in millions)		
Net cash inflow from operating activities	48.8	46.1	56.0
Net cash inflow/(outflow) from returns on investments and servicing of finance	0.7	(39.0)	(39.2)
Taxation (paid)/received	(10.2)	(4.7)	0.8
Net cash inflow/(outflow) from capital expenditure and financial investment	(26.8)	19.1	(16.0)
Net cash outflow from acquisitions and disposals	—	(465.0)	(3.5)
Equity dividends paid	(7.9)	—	—
Net cash inflow/(outflow) before use of liquid resource and financing	4.6	(443.5)	(1.9)
Net cash (outflow)/inflow from management of liquid resources	—	(25.0)	22.0
Net cash inflow/(outflow) from financing	0.2	498.4	(48.8)
Increase/(decrease) in cash	4.8	29.9	(28.7)

IFRS

Consolidated profit and loss account data

	52 weeks ended
	26 June 2005
	(£ in millions)
Turnover	378.8
Cost of sales	(296.5)
Gross profit	82.3
Other income	2.4
Administrative expenses[(2)]	(31.2)
Operating Profit	53.5
Finance costs — net	(72.7)
Loss before tax	(19.2)
Taxation	11.0
Loss after tax	(8.2)

(2) Administrative expenses include exceptional expenses of £14.2 million, but do not include any amount in respect of amortisation of goodwill. This represents the principal difference between the results under UK GAAP and IFRS.

Consolidated balance sheet data

	26 June 2005
	(£ in millions)
Non-current assets	496.7
Current assets	59.8
Total assets	556.5
Current liabilities	(455.1)
Non-current liabilities	(233.5)
Total liabilities	(688.6)
Total net liabilities	(132.1)
Capital and reserves attributable to equity holders of the Company	(151.1)
Minority interest	19.0
Total equity	(132.1)

Consolidated cash flow statement data

	52 weeks ended 26 June 2005
	(£ in millions)
Cash generated from operations	56.0
Taxation received	0.8
Net cash generated from operating activities	56.8
Net cash used in investing activities	(18.1)
Net cash used in financing activities	(89.4)
Net decrease in cash and cash equivalents	(50.7)

Continuing operations of the Group

The following table presents the Group's continuing operations, reflecting the impact of the Discontinued Operations, the Non-core Operations and the acquisition of the ASK Group in each financial year under review, along with the corresponding historical financial information of the ASK Group for its 2003 and 2004 financial years. This information is provided solely for illustrative purposes. For a further discussion of this information please see Note 4 to Section A of Part VIII — "Accountants' Report and Financial Information for Gondola Group Limited in respect of the three financial years ended 29 June 2003, 27 June 2004 and 26 June 2005 prepared under UK GAAP" and Note 2 to Section C of Part VIII — "Accountants' Report and Financial Information for ASK Central Limited in respect of the two financial years ended 29 June 2003 and 27 June 2004 prepared under UK GAAP."

	Group	Discontinued Operations(1)	Acquired Operations(2)(3)	Operations not in Group following Global Offer(4)	Operations in Group following Global Offer(3)	ASK Group excluding operations not to be included in the Group following the Global Offer(3)
	£m	£m	£m	£m	£m	£m
Period ended 29 June 2003						
Turnover	221.9	4.0	—	6.0	211.9	100.7
Cost of sales	(177.0)	(4.2)	—	(5.7)	(167.1)	(80.6)
Gross profit	44.9	(0.2)	—	0.3	44.8	20.1
Administrative expenses	(21.9)	(1.0)	—	(0.5)	(20.4)	(2.5)
Operating Profit	**23.0**	**(1.2)**	**—**	**(0.2)**	**24.4**	**17.6**
Add back: Exceptional administrative expenses	10.1	—	—	—	10.1	—
Operating profit, before exceptional administrative expenses	**33.1**	**(1.2)**	**—**	**(0.2)**	**34.5**	**17.6**
Add back: Amortisation and depreciation	11.4	0.5	—	0.3	10.6	4.6
EBITDA(5), before exceptional administrative expenses	**44.5**	**(0.7)**	**—**	**0.1**	**45.1**	**22.2**
Period ended 27 June 2004						
Turnover	240.8	—	18.4	5.9	216.5	117.5
Cost of sales	(184.7)	—	(14.4)	(5.2)	(165.1)	(95.0)
Gross profit	56.1	—	4.0	0.7	51.4	22.5
Administrative expenses	(31.2)	—	(0.8)	(0.2)	(30.2)	(8.9)
Operating profit	**24.9**	**—**	**3.2**	**0.5**	**21.2**	**13.6**
Add back: Exceptional administrative expenses	11.2	—	0.4	—	10.8	5.8
Operating profit, before exceptional administrative expenses	**36.1**	**—**	**3.6**	**0.5**	**32.0**	**19.4**
Add back: Amortisation and depreciation	19.5	—	0.8	—	18.7	5.6
EBITDA(5), before exceptional administrative expenses	**55.6**	**—**	**4.4**	**0.5**	**50.7**	**25.0**
Period ended 26 June 2005						
Turnover	378.8	—	—	7.5	371.3	—
Cost of sales	(296.5)	—	—	(7.9)	(288.6)	—
Gross profit	82.3	—	—	(0.4)	82.7	—
Administrative expenses	(45.6)	—	—	(0.4)	(45.2)	—
Operating profit	**36.7**	**—**	**—**	**(0.8)**	**37.5**	**—**
Add back: Exceptional administrative expenses	14.2	—	—	—	14.2	—
Operating profit, before exceptional administrative expenses	**50.9**	**—**	**—**	**(0.8)**	**51.7**	**—**
Add back: Amortisation and depreciation	32.9	—	—	—	32.9	—
EBITDA(5), before exceptional administrative expenses	**83.8**	**—**	**—**	**(0.8)**	**84.6**	**—**

(1) Impact of operations discontinued in this financial year, which do not form part of operations in the following financial year.

(2) Impact of seven and one-half weeks of the ASK Group's operations following its acquisition by the Group on 6 May 2004.

(3) Amounts reflected under Acquired Operations have been excluded from ''Operations in Group following Global Offer in the period ended 27 June 2004'' because they are included in ''ASK Group excluding operations not to be included in the Gondola Group following the Global Offer''.

(4) Impact of Non-core Operations (excluding Discontinued Operations) that will be retained by Gondola shareholders prior to the Global Offer and will no longer form part of the operations of Gondola following Admission.

(5) Information regarding earnings before interest, tax, depreciation and amortisation (EBITDA) is sometimes used by investors to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. There are no generally accepted accounting principles governing the calculation of EBITDA and, as a non-GAAP measure, the criteria upon which EBITDA is based can vary from company to company. EBITDA, by itself, does not provide a sufficient basis to compare the Group's performance with that of other companies and should not be considered in isolation or as a substitute for Group operating profit as an indicator of operating performance, or as an alternative to cash flow from operations as a measure of liquidity.

PART IV

INDUSTRY OVERVIEW

Overview of the UK market

The UK "eating-out" market is a significant contributor to the UK economy, generating over £27 billion in sales in 2004[(1)] (or £66 billion if drinks are included[(2)]). It is forecast to increase by 3 per cent. per annum in real terms over the period 2004 to 2010[(1)]. The restaurant industry as a whole has displayed annual growth of 3.3 per cent.[(6)], outperforming GDP growth by 49 per cent., over the period between 1980 and 2004[(3)]. The Directors expect continued strong growth due to the following reasons:

- increased inclusion of women in the work force — over the past 10 years, the number of dual income families with children has grown by 8 per cent., reaching 68 per cent. in 2004[(4)];
- lifestyle and demographic trends — currently around 37 per cent. of food spend in the UK is away from the home, and this is forecast to grow to 50 per cent. by 2025 (it is already in excess of this level in the United States)[(5)];
- the Directors believe that consumers are seeking to maximise scarce leisure time and are gravitating towards a "value for time" proposition not simply a "value for money" one[(6)];
- consumers are eating out more frequently — the percentage of consumers that eat out at least once a week has grown from 25 per cent. to 30 per cent. between 2001 and 2003[(10)];
- personal disposable income in the UK is expected to grow at a compounded annual real rate of 3.5 per cent.[(7)]; and
- higher income groups tend to eat out more often[(8)].

Within the restaurant market, the pizza/pasta restaurant segment has grown from a market size of £845 million in 1998[(9)] to an estimated £1.2 billion in 2005[(10)] and has consistently outpaced or equalled the growth of the total restaurant market since 1994 climbing from 4.1 per cent. in 1994 to an estimated 4.4 per cent. in 2004[(6)]. The pizza/pasta market is forecast to grow by 10 per cent. at current prices over the next two years and to attain a market value of an estimated £1.3 billion in 2007[(10)].

Competition

The UK restaurant industry includes both owned and franchised operations. It is highly competitive and is affected by changes in consumer tastes, economic conditions, demographic trends and the level of consumers' personal disposable income. Excluding fast foods and the takeaway business of certain restaurant operators, the Group is the UK's largest operator. If food-led pubs are included, it would rank second behind Whitbread, which also holds the UK franchise for Pizza Hut in addition to owning and managing food-led pubs[(11)].

Within the eat-in pizza/pasta restaurant segment, the Group competes with a large number of international, national and regional casual dining restaurant chains, as well as local pizza restaurant operators. Some restaurants in this segment have developed a more sophisticated, premium Italian offering in contrast to the approach adopted by brands such as Whitbread.

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(1) Source: Mintel, British Lifestyles Special Report, March 2005.

(2) Source: Office for National Statistics.

(3) Source: Office for National Statistics, Datastream. GDP and restaurant spend at constant 1985 prices.

(4) Source: Office for National Statistics, Spring quarters 1994 to 2004, not seasonally adjusted.

(5) Source: IGD research, Whitbread Briefing Book 2005.

(6) Source: Mintel, Eating Out Habits, Leisure Intelligence April 2004.

(7) Source: Mintel, British Lifestyles Special Report, March 2005.

(8) Source: Mintel, Pizza and Pasta Restaurants, Leisure Intelligence, February 2004.

(9) Source: Mintel, Pizza and Pasta Restaurants—UK—March 2000.

(10) Source: Mintel, Pizza and Pasta Restaurants, Leisure Intelligence, February 2004 and Pizza and Pasta restaurants — UK March 2000 (excludes alcoholic and non-alcoholic beverage sales).

(11) Source: Annual Reports of Whitbread plc and Mitchells & Butler plc.

Together, the Group's three principal brands, PizzaExpress, ASK and Zizzi, are the leaders within the authentic/premium sector of the UK eat-in pizza/pasta market segment. Restaurants in the authentic/premium sector are distinguished by the dishes on their menus and the more intimate, stylish décor of their restaurant sites and the more sophisticated dining experience they offer to their customers. The Directors believe that the Group's most direct competitors are other chains, including Strada, Est Est Est, Caffé Uno, Prezzo, Bella Italia and certain local pizza business operators. The Group is the largest restaurant company in this segment with more than six times as many restaurants as the Group's closest competitor, The Restaurant Group plc, which operates approximately 74 authentic/premium eat-in pizza/pasta restaurant outlets operating under the brand names Est Est Est and Caffé Uno[12].

The Directors believe that the popularity of authentic/premium eat-in pizza/pasta restaurants among mature, middle and upper middle-class consumers indicates the potential for future growth in the sector as the UK population becomes older and more affluent.

The Group's position in the market

The Directors believe that the positioning of a high proportion of the Group's portfolio of restaurants in character buildings and high-profile locations, where in many cases land planning restrictions have imposed a restriction on new restaurant openings, represents a significant barrier to entry for competitors. The Directors believe that the Group also differentiates itself from its competitors through its simple, systematised restaurant operations, its expertise in rolling-out new restaurants and its scale. Other factors which the Directors believe support the Group's market share include the distinct appeal of each of the Group's three core brands.

The table below presents the number of restaurants operated by the Group as compared with the most recently publicly available numbers for the brands and companies the Directors believe to be the Group's principal competitors in the UK casual dining market and the authentic/premium eat-in pizza/pasta segment.

UK casual dining	Outlets	UK premium pizza/pasta	Outlets
Gondola Holdings	497	Gondola Holdings	497
Pizza Hut	376[13]	Caffé Uno and Est Est Est	74[12]
The Restaurant Group	295[12]	Bella Italia	65[15]
Tragus Holdings	147[14]	Prezzo	54[15]
Prezzo	54[15]	Strada	29[17]
TGIF	46[16]	Carluccio's	22[18]

(12) Source: 2005 Interim Results. Includes Frankie & Benny's, Chiquito, Garfunkel's, Caffé Uno, Concessions division, Bluebeckers and Est Est Est. The Restaurant Group plc owns approximately 40 per cent. of Living Ventures Limited, the company which runs the Est Est Est restaurant chain.

(13) Source: Mintel, Pizza and Pasta Restaurants, Leisure Intelligence, February 2004.

(14) Source: Tragus Holdings website. Tragus Holdings, UK Casual Dining segment assumed to include Café Rouge and Bella Italia.

(15) Source: Prezzo website.

(16) Source: TGIF website.

(17) Source: Strada website.

(18) Source: Carluccio's website.

The Group's market opportunities

Among the estimated 300 or more opportunities for siting new restaurants in the UK, the Directors believe that significant opportunities are presented by certain geographic areas that have the potential for high growth and where the Group is currently under-represented. As the table below shows, the Group's restaurants are relatively under-represented in areas such as the Midlands and North England.

Region	Group restaurants *(per million population)*	Population *(million)*
London[19]	23.8	7.2
South East	14.0	8.0
East England	9.5	5.4
South West	6.5	4.9
Midlands	4.8	9.4
Yorkshire & Humber	3.4	5.0
North	3.0	9.2
Scotland	2.6	5.1
Republic of Ireland	1.7	4.0
Wales	1.7	2.9
Northern Ireland	1.2	1.7

The following table shows that people in these under-represented areas are eating out at frequency rates comparable to London and the South.

Region	Percentage of those eating out at least once a week (2003)[20]
London	35%
Scotland	33%
Yorkshire/North East	33%
Midlands	27%
North West	27%
South	25%
South West/Wales	24%

The Directors believe that the Group has a strong track record of opening sites in these regions, as shown by the table below.

Region	Number of restaurants opened in these regions (2003 - 2005)	Sales growth by region (2003 - 2005)
Scotland	5	42%
East	7	51%
Midlands	12	31%
North	11	42%
Republic of Ireland/Northern Ireland	2	16%
South West	9	21%
South East	21	15%
London	24	16%

(19) Management divides London restaurant data (comprising greater London and central London) into the following four categories: worker locations, retail locations, destination locations and neighbourhood locations.

(20) Source: Mintel, Eating Out Habits, Leisure Intelligence, April 2004. Based on sample of 1,982 adults aged 15+.

PART V

INFORMATION ON THE GROUP

Introduction

The Group

The Group is the leading UK casual dining group[1] and the leader in the premium/authentic sector of the eat-in pizza/pasta restaurant market as measured by number of restaurants, with 497 restaurants (311 PizzaExpress[2], 108 ASK, 72 Zizzi and six other restaurants), more than six times its nearest competitor in the premium pizza/pasta segment. It opened 24 new restaurants during the year ended 26 June 2005, and plans to open 20 to 25 new restaurants in the year ending 30 June 2006, with an ongoing programme of 25 to 30 new openings per year thereafter. The Group's restaurants operate principally under the PizzaExpress, ASK and Zizzi brands, employing approximately 10,000 people and serving around 30 million meals in the year ended 26 June 2005. The Group's network of restaurants are spread across the United Kingdom and the Republic of Ireland and are located within a variety of location types including high streets, shopping centres, leisure parks, local neighbourhoods and business districts. They offer a range of pizza and pasta dishes that have a broad appeal to consumers, together with a selection of alcoholic and non-alcoholic beverages, appetisers and desserts, primarily for on-site dining.

TDR Capital and Capricorn acquired PizzaExpress in 2003, and the ASK Group in 2004. Since the acquisition of PizzaExpress, the strategic priorities for the Group have included driving profitable growth across the existing restaurant portfolio through a rigorous focus on restaurant basics, restructuring the Group's central and administrative functions and supply chain, pursuing a disciplined new restaurant opening programme and leveraging the Group's scale to achieve operational efficiencies, cost savings and competitive advantages. Following the acquisition of the ASK Group and implementation of these strategic priorities across the Group, EBITDA before exceptional items[3] increased from £55.1 million to £84.6 million, an increase of 53.5 per cent. in the year ended 26 June 2005 compared to the year ended 27 June 2004. EBITDA[3] of £84.6 million for the year ended 26 June 2005 represented 22.8 per cent. of turnover from the same operations.

The Group operates PizzaExpress, ASK and Zizzi as three separate brands. The Directors believe that while its brands serve broadly the same demographic profile of customers, each has a distinctive appeal for use on differing occasions. The Directors believe that this complementary usage profile has been an important factor in supporting the Group's successful experience in locating brands in close proximity to each other.

The Directors believe the Group's market position, its rigorous focus on restaurant basics, the strength and complementary nature of its brands and its disciplined returns-driven new site roll-out strategy means the Group is well-positioned to take advantage of significant opportunities in the UK casual dining market.

History of the Group

PizzaExpress was established in 1965 when the first PizzaExpress restaurant was opened in Soho, London by Peter Boizot. The restaurant — upscale and casual, offering authentic Italian pizza, made from fresh ingredients imported from Italy and cooked in the first purpose-built pizza oven in the UK — was an innovation. Its aim was to serve high quality and authentic food, in stylish surroundings at prices representing value for money. From this base, PizzaExpress grew primarily in the UK, and then internationally, through a mixture of owned and franchised restaurants. The Group currently operates only two franchised restaurants. PizzaExpress, through its holding company PizzaExpress plc, was floated on the London Stock Exchange in February 1993. In 1998, PizzaExpress acquired the Café Pasta chain, and in 2002, PizzaExpress acquired Gourmet Pizza Co. and Kettners restaurants.

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(1) The term "casual dining" refers to a sit-down meal (with waiter/waitress service) with appetisers, main course and desserts, and payment after eating. Casual dining restaurants are to be distinguished from "quick service" restaurants where the primary function is to provide full meals, but where table service is not offered (for example, food-led pubs, fast food restaurants, and the takeaway business of restaurant operators such as Pizza Hut). Quick service restaurants are characterised by the food and beverages typically being paid for in advance of being consumed, limited menus and short order times.

(2) This figure includes seven restaurants which trade under the Milano brand name in Ireland, four Gourmet pizza restaurants (of which one trades under the Riviera brand name), one Kettners restaurant and one restaurant trading under the Marzano brand name in London.

(3) EBITDA before exceptional items from the continuing operations of the Group following the Global Offer, not including Discontinued and Non-core Operations.

Adam and Sam Kaye opened the first ASK restaurant in June 1993. By September 1995, ASK had grown to nine restaurants, and it was listed on the Alternative Investment Market. The ASK Group set up Zizzi in 1999 in order to expand its customer base by developing a more ''up-market'' pizza/pasta concept. Both ASK and Zizzi focused on providing superior service to customers, and serving quality products at affordable prices within stylish environments.

In June 2003, TDR Capital and Capricorn, through the bid vehicle GondolaExpress PLC, acquired an indirect, controlling interest in PizzaExpress Limited (formerly PizzaExpress plc) in a public-to-private transaction. With effect from 1 July 2003, certain businesses of PizzaExpress, which were identified as not being core to the ongoing activities of the Group, were transferred to the Non-core Group (see paragraph 19.4 of Part X — ''Additional Information''). These operations included the restaurants trading under the Café Pasta name and all PizzaExpress's international operations, other than those in the Republic of Ireland. Certain of these operations have since been closed and/or sold to third parties.

In May 2004, TDR Capital and Capricorn, through the bid vehicle Riposte Limited, completed the acquisition of ASK Central, the holding company of the ASK Group, and the ASK and Zizzi brands. The transaction established the Group as the leading casual dining group in the UK and consolidated three successful restaurant concepts.

Key strengths

The market leader in a high growth sector

The Group is the market leader in the UK casual dining sector, which is a significant component of the UK eating-out market and the Group has a particularly strong position in the authentic/premium segment of the eat-in pizza/pasta restaurant sector.

The UK eating-out market has shown steady growth, outstripping GDP growth on a cumulative basis since 1980[(4)]. Total expenditure on eating out is forecast to increase by 3 per cent. per annum in real terms over the period 2004 to 2010[(5)]. The Directors believe that this growth is driven by demographic factors including an increasingly wealthy population, demonstrated by a 30 per cent. growth in personal disposable income over the past five years, and a rise in the number of dual income households, which have grown by 8 per cent. over the past 10 years, reaching 68 per cent. in 2004[(6)]. Lifestyle and demographic trends are also positive drivers of longer term growth in the UK restaurant industry. For example, currently around 37 per cent. of food spend in the UK is away from the home. It is forecast to grow to 50 per cent. by 2025, and it is already in excess of this level in the United States[(7)].

Since 1994, the pizza/pasta restaurant segment has outpaced the growth of the total eating out market increasing from 4.1 per cent. in 1994 to an estimated 4.4 per cent. of the total eating out market in 2004[(8)].

With an existing portfolio of 497 company-owned restaurants spread across the United Kingdom and the Republic of Ireland, the Group has more than six times the number of restaurants than its nearest competitor in the authentic/premium segment of the eat-in pizza/pasta restaurant sector of this market.

Three strong brands with broad customer appeal

The Group's three core brands, which together served around 30 million customer meals in the year ended 26 June 2005, benefit from high levels of brand awareness. Since its inception in 1965, PizzaExpress customers have consumed approximately 190 million pizzas. The Directors believe that it has become an iconic, heritage brand in the UK. The ASK and Zizzi brands, which also enjoy high levels of brand recognition, have developed strong reputations for their menus offering authentic Italian dishes and attentive service. The Directors believe that the high level of brand awareness and broad customer appeal contribute to the high proportion of PizzaExpress, ASK and Zizzi customers that visit the Group's restaurants once or more every three months (82 per cent., 63 per cent. and 60 per cent., respectively)[(9)].

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(4) Source: Office for National Statistics, Datastream GDP and restaurant spend at constant 1985 prices.

(5) Source: Mintel, British Lifestyles, Special Report, March 2005.

(6) Source: Office for National Statistics, Spring quarters 1994 to 2004, not seasonally adjusted.

(7) Source: IGD Research, Whitbread Briefing Book 2005.

(8) Source: Mintel, Eating Out Habits, Leisure Intelligence April 2004.

(9) Source: Survey conducted by TNS dated November 2004 for the Gondola Group.

All three brands serve broadly the same demographic profile of customers, as shown by the fact that 62 per cent. of ASK's customers, and 75 per cent. of Zizzi's customers, also eat at PizzaExpress[9]. However, each brand has a distinctive appeal for use on differing occasions. Recent research has associated PizzaExpress with affordability, quality and reliability, and has shown that PizzaExpress is typically used for a quick meal, a family outing, or combined with another leisure activity such as the cinema. ASK is associated with relaxed, affordable, yet special occasions, and is used for a versatile range of experiences including business lunches and romantic dinners. ASK's broader menu of pizza, pasta and salads, contemporary interiors and ambience has resulted in its customers spending longer over their meals than they would for a typical visit to a PizzaExpress restaurant. Zizzi is perceived by its customers to be the most "up-market" of the three brands, and is associated with special occasions, quality food and distinctive, elegant interiors. Zizzi, while still within the casual dining sector, is typically used more for business lunches, celebratory social occasions and romantic dinners.

The Directors believe that the complementary usage profile of the Group's brands has been an important factor in supporting its successful experience in locating brands in close proximity to each other.

Systematised restaurant operations

The Group's restaurant operations are characterised by a high degree of systematisation. For example, menu items for each brand are made from simple and standardised recipes, making use of common ingredients that are centrally sourced, and often pre-prepared. All restaurant personnel, including restaurant managers, waiting personnel and chefs, participate in training programmes to ensure that consistently high levels of customer service are achieved across all of the Group's restaurants. In addition, all of the Group's restaurants are furnished with high quality and easy-to-use kitchen equipment and point-of-sale devices, installed under standardised arrangements with Group-approved suppliers.

The Directors believe the Group derives significant cost and operational benefits from systematisation. They believe it is an important contributor to the Group's profit margin, and the success of its new restaurant opening programme.

Opportunities to leverage the Group's scale to unlock cost savings

The acquisition of ASK Central in 2004 brought together two of the UK's leading restaurant operations and provided the Group with significant opportunities to leverage its increased scale in order to reduce costs and provide the Group with long-term competitive advantages.

For example, the Group has consolidated its purchasing and distribution activities under a single team that manages the supply chain function for the three core brands centrally. This initiative, while ongoing, has delivered £2.4m of cost savings in the year to 26 June 2005. The Directors believe that potential additional savings of at least £5 million can be achieved as further benefits of this initiative are realised. In addition the Directors believe that further rationalisation of the Group's distribution network is possible, and additional benefits can be achieved by continuing to leverage the Group's scale to negotiate improved volume discounts and applying best Group purchase prices to common products.

Expertise in rolling out new restaurants

The Group has a returns-driven new site roll-out programme aimed at taking advantage of what the Directors believe are significant long-term expansion opportunities available in the UK pizza/pasta market. The Group is highly experienced at rolling out new restaurants, having opened 91 restaurants over the past three years. The Group devotes significant management resources to this aspect of its operations. In 2004, the Group merged the property teams of PizzaExpress and the ASK Group, bringing together a highly skilled team with extensive experience within the restaurant, retail and property sectors. To assist the Group in the identification and assessment of new site opportunities, the Group has developed a proprietary analytical model that projects the sales and profitability performance for a potential new location, taking into account local demographic factors such as population density and household income levels, as well as site specific factors, such as site visibility, accessibility and proximity to shopping areas, business districts, cinemas, leisure parks or hotels.

The Directors believe that the Group's highly experienced management team, coupled with its returns-driven approach and analytical tools, positions the Group well to exploit the significant expansion opportunities available to its three core brands.

Large, high quality restaurant portfolio located across the United Kingdom and the Republic of Ireland

The Group has well-invested and strategically-located restaurants. The estate, built over the past 40 years, consists of high quality sites, including many character buildings that have been maintained to high standards. Restaurants have an architecturally-designed interior, built with durable materials to high specification. They are typically located in neighbourhoods, high streets, retail parks, business districts and leisure parks. The Group's mix of locations, including both geographic spread and location type, provides customer diversification, such that the Group is not overly dependent on any one location or customer type.

Highly cash generative operations

The Group's business generates substantial cash flow. Including the operating cash flows generated by the ASK Group prior to its acquisition, the Group's business has generated £236.4 million of cash (defined as aggregated EBITDA before exceptional items adjusted for net movements in working capital) from its operations in the three years ended 26 June 2005. This compares to £226.7 million of aggregated EBITDA (before exceptional items) generated during the same period, representing a cash conversion ratio of 104.3 per cent[10].

Highly experienced and incentivised management team

The Group has a highly experienced management team, with expertise in the UK restaurant, retail and property sectors. Each member of the management team has, on average, over 10 years of relevant industry experience.

Following the PizzaExpress Acquisition, the Group installed a substantially new management team in PizzaExpress under the direction of Harvey Smyth, which has been an important factor supporting the strong financial performance achieved by PizzaExpress since its acquisition. The ASK Group management team, led by Jo Fleet, is substantially unchanged since the acquisition of ASK Central in 2004, and has overseen consistently strong trading performances from ASK and Zizzi for more than eight years.

The introduction of David Ross as Chairman and Chris Heath as Chief Financial Officer and Commercial Director provides enhanced financial management and strategic direction for the Group.

The Group's operational management is incentivised through quarterly bonus incentives and opportunities for equity ownership. Restaurant managers have the opportunity to receive over 30 per cent. of their annual salary in performance-related bonuses, measured by both operational and financial benchmarks. Area managers (and selected senior managers in the restaurant support team) and regional managers have the opportunity to receive 40 per cent. and 50 per cent., respectively. In addition, managers who have been eligible to participate in the Partnership Plan (namely restaurant managers with one or more years' experience in a management position, operations managers and above, and selected senior managers in the restaurant support team) will be shareholders in the Company on Admission. Through the operation of the plan, it is expected that around 500 members of the Group's employees will together hold approximately 6.5 per cent. of the Ordinary Shares following Admission. Each of these employees will enter into lock-up arrangements with the Company pursuant to which they will agree not to dispose of any Ordinary Shares acquired under the Partnership Plan during the period of 12 months following Admission, subject to certain exceptions, the details of which appear in Part IX — ''Details of the Global Offer''. In addition, new share incentive plans have been adopted by the Company and will become effective on Admission. Further details of the Partnership Plan and the New Share Plans is set out in paragraph 9 of Part X — ''Additional Information'', and further details of the Group's management is set out in Part VI — ''Management and Significant Shareholders''.

The Group's business strategy

Overview

The Group's strategy is to continue to drive profitable growth by pursuing its core values — namely delivering superior food, service and overall experience to the customer, whilst offering good value for money. In pursuing these values, the Group targets long-term and sustainable growth through three principal means:

- focusing on profitable growth from its existing portfolio;
- exploiting the potentially high returns from the significant new site roll-out opportunities which the Directors believe are available to the Group; and
- over the longer term, continuing to develop new brands in order to capture a greater share of the market.

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(10) Cash conversion is calculated as EBITDA before exceptional items adjusted for movements in net working capital, divided by EBITDA before exceptional items, expressed as a percentage.

Focus on profitable growth from its existing portfolio

The Group aims to achieve long-term and sustainable growth from its existing operations by focusing on:

- providing innovative menu offerings and high quality food;
- recruiting and motivating high-calibre restaurant managers;
- employing well-trained and highly incentivised restaurant personnel, and providing opportunities for career progression;
- delivering a quality, value for money dining experience; and
- providing a characterful and stylish setting through continuous but disciplined maintenance and refurbishment of the Group's restaurants.

In line with this strategy, a number of initiatives have been undertaken. For example, new restaurant menus have been introduced at PizzaExpress restaurants, and most recently at ASK restaurants, to provide enhanced food offerings and, in certain cases, implement price revisions. In addition, the Group has sought to strengthen its regional management structure and has recruited extensively to fill restaurant manager vacancies. For example, the average number of managers per PizzaExpress restaurant increased from 1.6 to 1.9 between the years ended 29 June 2003 and 26 June 2005. The Directors believe that initiatives in these areas over the last two years have helped to build brand loyalty, attract new customers, increase the number of repeat visits and drive up spend per head and restaurant margins. The Directors believe that these initiatives have also helped deliver significant restaurant-level EBITDA improvements, with the Group experiencing an average restaurant-level EBITDA(11) uplift of 22 per cent. over the two-year period to 26 June 2005.

The Directors also believe that its experience with these initiatives provides a sound base from which to take advantage of further opportunities.

Significant roll-out opportunities

The Group has a disciplined, returns-driven new site roll-out programme to take advantage of what the Directors believe are significant long term expansion opportunities.

The Group's roll-out strategy will include expansion into new markets across the UK and Republic of Ireland as well as the co-location of brands within close proximity to existing restaurants. The Group plans to open 20 to 25 new restaurants in the year ending 30 June 2006, with an ongoing programme of 25 to 30 new openings per year thereafter.

The Group will, in addition, review opportunities from time to time to make add-on acquisitions of existing groups of restaurants where the Directors believe they will provide access to attractive locations or opportunities to convert operations to the Group's three core brands.

In 2004, the Group merged the property teams of PizzaExpress and the ASK Group, bringing together a highly skilled team of individuals with significant experience within the restaurant, retail and property industries. To assist the Group in the identification and assessment of new site opportunities, the Group has developed a proprietary analytical model that projects the sales and profitability performance for a potential new location, taking into account local demographic factors such as population density and household income levels, as well as site specific factors, such as site visibility, accessibility and proximity to shopping areas, business districts, cinemas, leisure parks or hotels.

The Group currently operates restaurants in 290 centres across the United Kingdom. Based on feasibility studies conducted on over 2,900 centres across the United Kingdom by the Group's property and operations teams, the Directors believe that there are opportunities to open in excess of 300 new restaurants in locations which have the population and demographic characteristics that could support at least one of the Group's existing brands. The Group's sales in the Midlands and North of England, where the Group is relatively under-represented, achieved among the highest growth rates during recent years and the Directors believe particularly attractive opportunities exist outside of the South East of England. In addition to expansion in the UK, the Directors believe there are also opportunities for expansion in the Republic of Ireland.

In addition to new local areas, the Group aims to co-locate brands within close proximity of each other in order to increase the Group's sales and profit derived within local markets. There are currently 255 co-located restaurants

(11) Restaurant-level EBITDA is calculated on a per-restaurant basis as restaurant sales less food, labour, fixed (e.g. rates) and variable (e.g. cleaning supplies) costs. Central costs are not reflected.

across the UK and the Republic of Ireland. Of the 300 or more identified new restaurant opportunities, over 150 are co-location opportunities.

Development of new concepts

Over the longer term, the Group aims to establish new restaurant concepts that can be rolled out alongside its existing brands. The Group is currently evaluating the potential of three concepts — Jo Shmo's, an American diner concept, Lupa, a pizza delivery concept with a wood-fired oven, and Al Rollo, a "by the metre" pizza restaurant.

Overview of the Group and its businesses

The Group

The Group operates its 497 restaurants principally under the PizzaExpress, ASK and Zizzi brands. ASK and Zizzi were acquired by the Group in the May 2004 acquisition of ASK Central.

PizzaExpress

PizzaExpress restaurants provide the experience of a local pizzeria, with the benefits of a nationally-recognised brand. They have a contemporary décor and feature an Italian-inspired menu with a diverse selection of pizzas along with a variety of appetisers, salads, *al forno* pastas and desserts. The menu is designed to appeal to a wide range of preferences and dietary requirements and includes a selection of vegetarian dishes. PizzaExpress's menu has evolved over the course of the restaurant's history and contains many proven customer favourites, some of which have remained on the menu for over 40 years.

PizzaExpress served approximately 19 million customer meals in the year ended 26 June 2005. PizzaExpress is associated with quality, affordability and reliability, and is typically used for a quick meal or a family outing, or is often combined with another leisure activity such as shopping or the cinema. PizzaExpress customers spend, on average, between £13 and £14 every time they visit a PizzaExpress restaurant, and typically spend approximately one hour in the restaurant.

ASK

ASK restaurants have a stylish, contemporary feel. The fit-out of the restaurants aims to convey a sense of informality, and to appeal to modern lifestyles. In addition to pizza, the ASK menu includes a wide range of pasta dishes and other offerings, supplemented by regular specials, enabling ASK restaurants to offer new alternatives to their standard dishes. ASK restaurants also offer typical Italian appetisers, antipasti and desserts.

ASK serves approximately 6 million customer meals every year. Research suggests that customers use ASK for a versatile range of occasions including business lunches and romantic dinners. ASK's broad menu and relaxed atmosphere results in customers spending longer amounts of time over their meals than they would for a typical visit to a PizzaExpress restaurant. ASK customers spend, on average, between £14 and £15 every time they visit an ASK restaurant and tend to spend more than an hour in the restaurant.

Zizzi

Zizzi restaurants feature wood-fired ovens that provide the centrepiece of a large open kitchen. They aim to provide an authentic Italian experience in a contemporary restaurant environment. Zizzi restaurants serve pizzas and calzones made in a wood-fired oven as well as pasta, salads, appetisers and desserts.

Zizzi serves approximately 4.5 million customer meals every year. Zizzi is positioned at the premium end of the casual dining market, and is the most "up-market" of the Group's three core brands. In addition to every day use, Zizzi restaurants are also used for special occasions, such as business lunches, celebratory social occasions and romantic dinners. Zizzi customers spend, on average, between £15 and £16 every time they visit a Zizzi restaurant, and spend more than one hour in the restaurant over their meal.

Restaurant locations

The Group's location and customer diversification means it is not overly dependent on any one location or customer type to generate turnover. The following tables set out key summary information with respect to the Group's restaurant sites and details of new restaurant openings.

Number of restaurants as at 26 June 2005

	Pizza Express	ASK	Zizzi	Jo Shmo	Lupa	Al Rollo
London	97	25	17	2	2	1
London suburbs	61	14	14	1	—	—
Southeast England	40	13	7	—	—	—
Rest of United Kingdom	102	56	34	—	—	—
Republic of Ireland/Northern Ireland	9	—	—	—	—	—
Jersey	2	—	—	—	—	—
Total	311[11]	108	72	3	2	1

Restaurant openings during the year ended 26 June 2005

PizzaExpress

Location	Opening Date
Mermaid Quay (Cardiff)	June 2005
Newport (Isle of Wight)	June 2005
Balham	May 2005
Holyrood (Edinburgh)	October 2004

ASK

Location	Opening Date
Fleet	December 2004
Lichfield	July 2004

Zizzi

Location	Opening Date
Windsor	April 2005
Cardiff	April 2005
York	March 2005
Edinburgh Quay	December 2004
Harbourne	December 2004
Leamington Spa	December 2004
Leeds	December 2004
Bishop's Stortford	November 2004
Cheltenham	September 2004
Ipswich	September 2004
Beckenham	August 2004
Shad Thames	August 2004
Basingstoke	August 2004
Hitchin	July 2004
Ringwood	July 2004

Lupa

Location	Opening Date
Crouch End	October 2004

(11) This figure includes seven restaurants which trade under the Milano brand name in the Republic of Ireland, four Gourmet Pizza outlets (of which one trades under the Riviera brand name), one Kettners restaurant and one restaurant trading under the Marzano brand name in London.

Overview of operations

PizzaExpress and the ASK Group have dedicated management teams to maintain each of the PizzaExpress, ASK and Zizzi brands' identities, cultures and values. They receive support from the central Group management team.

The supply chain and certain aspects of the property functions have been integrated across the Group. The Group has a single dough-making facility serving all of its brands. In addition, financial and strategic management is provided at Group-level. Although other functions, such as finance and accounting, human resources, IT, training, food, maintenance, new site construction and marketing, remain distinct, operational heads from each of the businesses meet regularly. Management seeks to promote a culture of sharing information and ideas, with the aim of ensuring that the Group fully leverages its scale and that best practices are adopted across the Group.

Each of the PizzaExpress and the ASK Group management teams manages their restaurants through a regional management structure. Each area manager supervises between five and 15 restaurants, depending on his/her level of experience, to ensure close oversight and support for each restaurant. Area managers report to regional managers.

Since the acquisition of PizzaExpress by TDR Capital and Capricorn in 2003, the average number of restaurants per area manager in the PizzaExpress estate has been reduced from approximately 30 to approximately 10, in line with the historic approach of the ASK Group, which allows the Group greater operational control. Restaurant and area managers are typically former restaurant managers, and are therefore experienced in restaurant operation and management. Each receives management training.

Area managers (and selected senior managers in the restaurant support team) and regional managers have the opportunity to receive 40 per cent. and 50 per cent., respectively, of their annual salaries in performance-related bonuses, measured by both operational and financial benchmarks. It is expected that approximately 500 members of the Group's management will together hold approximately 6.5 per cent. of the Ordinary Shares following Admission through the operation of the Partnership Plan. See Part IX — "Details of the Global Offer" and paragraph 9 of Part X — "Additional Information".

Restaurant operations

Restaurant management

Each restaurant manager is responsible for the day-to-day operation of his or her restaurant, including hiring, training and scheduling personnel, financial management, food quality, customer service and purchasing of supplies. Restaurant managers also have responsibility for the annual budget for each restaurant, which they set jointly with central support. The performance of a restaurant manager is evaluated based on his or her ability to work within the designated budget and achieve year-on-year improvements in sales, profit and operating margins.

All restaurant managers receive regular and centralised induction and training in basic management skills, food production, financial literacy, labour management, and standard operating procedures.

Restaurant managers have the opportunity to receive over 30 per cent. of their annual salaries in performance-related bonuses based around sales, profits and quality and administrative audits. In addition, managers who have acquired shares under the Partnership Plan (namely restaurant managers with one or more years' experience in a management position, operations managers and above, and selected senior managers in the restaurant support team) will be shareholders in the Company on Admission.

Other restaurant personnel

Each restaurant has approximately 20 to 25 employees comprising one to two assistant managers, and kitchen and waiting personnel. A number of strategic initiatives are currently being implemented at the restaurant level to optimise labour resources. For example, PizzaExpress has recently introduced a "smart rota" system, under which staffing rotas are determined according to forecast levels of sales, numbers of customers, expected dwell times and other data. This system, adopted as standard across the PizzaExpress estate, seeks to ensure that restaurants have the optimum levels of restaurant personnel to deliver the required service standards, and to generate sales growth and operational efficiencies.

The Group conducts regular performance reviews of each restaurant to monitor key performance indicators and address any shortfalls promptly. Both PizzaExpress and ASK encourage the in-house promotion of their employees at all levels, and many current restaurant managers began their careers as assistant managers or as other restaurant personnel.

Service

The Group is committed to delivering excellent service and a high quality dining experience to its customers. The Directors believe that there is a direct correlation between the quality of service and the long-term financial performance of restaurants.

Formal monitoring of restaurant personnel performance and service standards is undertaken in a number of ways. For example, restaurant personnel are assessed on a daily basis by restaurant managers, and at least monthly through a "mystery diner" programme. This involves mystery diners visiting each restaurant in the Group's portfolio, on average 26 times per year, and assessing them on defined criteria (for example, whether restaurant personnel recommended any menu items, or offered a second drink). Restaurant managers are also assessed regularly by area management in a number of categories, including leadership and innovation. The mystery diner programme was introduced by PizzaExpress in 2005, adopting many of the features of the ASK Group scheme, which has been in operation for many years.

Menu offerings

The Group commits significant resources to its menu development programme. Each of PizzaExpress and the ASK Group have their own menu development teams. All menu items are evaluated on taste, ease of preparation, and whether they could be introduced to the menu profitably.

PizzaExpress employs a dedicated team of trained chefs who ensure all ingredients and recipes are consistent with quality standards. As part of its menu development process, all new recipes and ingredients are tested prior to launch through taste tests or restaurant trials in selected PizzaExpress restaurants.

The ASK Group employs a dedicated development chef. Before new items are introduced to its menus, the ASK Group undertakes a programme of assessing customer acceptance by offering new items as blackboard specials that supplement a restaurant's permanent menu. The most popular dishes from the specials are introduced to the menu on a permanent basis.

The Directors believe that continuous menu refreshment is key to increasing repeat customer usage, attracting new customers and improving average spend per head. Each of the Group's three core brands enhances its menu at least once every six months through menu refreshments and regular seasonal specials. PizzaExpress has recently broadened its menu in a number of ways. For example, it has incorporated a new "Intros" category into its menu, which has proved popular with customers, and regularly introduces new main dishes. ASK has also recently refreshed its menu, adopting a new design, introducing several new dishes and implementing price revisions intended to provide customers with greater selection, whilst still maintaining the Group's value proposition, and improving spend per head and operating profit.

Restaurant operational systems

The Group's restaurant operations are characterised by a high degree of systematisation. For example:

- menu items for each brand are made from simple and standardised recipes, making use of common ingredients that are centrally sourced, and often pre-prepared;
- common point-of-sale and back-office restaurant management IT systems are in place across each of the PizzaExpress and ASK Group restaurant estates;
- restaurants have standardised operational procedures and guidelines. These apply across all aspects of restaurant operations, including, for example, table layout, customer recognition, approach to taking orders and speed of service; and
- all restaurant personnel, including restaurant managers, waiting personnel and chefs, participate in training programmes directed at maintaining consistently high service standards.

A substantial proportion of the financial and operational administration of restaurants is borne centrally. Central support extends to most aspects of payroll, training, property management and supplier liaison, and gives restaurant managers more time to focus on customer service.

Restaurant monitoring and reporting

The Group monitors the financial and operating performance of its restaurants closely.

The Group produces an annual financial plan at the start of each financial year, which includes budgets for each individual restaurant. The Group has reporting procedures in place which enable it to monitor the sales and costs

figures for its restaurants on a weekly basis down to the level of individual restaurant gross margin. Both PizzaExpress and the ASK Group hold weekly operational meetings to discuss restaurant performance and sales on a restaurant-by-restaurant basis compared to the annual budget and prior year performance.

At the end of each four-week reporting cycle, management accounts are prepared, enabling the operating board of each business to review total company and individual restaurant performance at both sales and profit levels. A review of performance for both PizzaExpress and the ASK Group is a key element of each period's management board meeting and in reporting to the Group Board.

The Group actively manages underperforming restaurants by making operational changes (such as deploying new managers) and/or additional capital expenditure, or, in appropriate cases, rebranding or closing restaurants or selling sites.

Restaurant support

Supply and distribution

Prior to its acquisition by TDR Capital and Capricorn, PizzaExpress and the ASK Group had arrangements with a range of suppliers and distributors and PizzaExpress operated its own distribution centre from its premises in Uxbridge. Following the acquisition of ASK Central in 2004, these arrangements have been consolidated.

All of the Group's supply chain management and distribution operations are now co-ordinated centrally, managing both PizzaExpress and ASK Group suppliers and distribution. The Group sources its ingredients from a number of selected suppliers. Once the specifications for a particular product are determined, that product is handled and delivered directly to restaurants by third-party distributors. Distributors handle four types of delivery — frozen and ambient, chilled, drinks and non-food stuffs. Deliveries occur on a daily, weekly or bi-weekly basis, depending on the delivery channel. Distributors are required to meet or exceed certain key performance indicators (including delivery accuracy and timing). Neither PizzaExpress nor the ASK Group has experienced any significant shortages of supplies or any material delays in receiving their respective food or drinks inventories, restaurant supplies or products.

As part of the consolidation of the Group's purchasing and distribution activities following the acquisition of ASK Central, the Group has sought to leverage its scale to deliver efficiency improvements and cost savings. This initiative has delivered £2.4m of cost savings in the year to 26 June 2005. The Directors believe that potential additional savings of at least £5 million can be achieved as the further benefits of this initiative are realised. In addition the Directors believe further rationalisation of the Group's distribution network is possible, and additional benefits can be achieved by continuing to leverage the Group's scale to negotiate improved volume discounts and applying best Group purchase prices to common products.

Pizza dough production

The Group manufactures its own dough at its dough-making facility in Uxbridge, which produces dough for each of PizzaExpress, ASK and Zizzi. The dough production process is automated, with 16 people, including management, working at the facility. The facility produces, on average, 570,000 dough balls per week and maintains, on average, four weeks' worth of safety stock in reserve at its two distributors for frozen products as a buffer against production disruption.

Properties

Certain key aspects of property management—restaurant acquisitions and disposals—have been integrated across the PizzaExpress and ASK Group restaurant estates. Other property functions, such as estate management, construction, maintenance and refurbishment, operate separately within PizzaExpress and the ASK Group, but work closely to ensure the sharing of ideas and best practices.

Estate management

The estate management teams are responsible for rent reviews, licences, service charges and other aspects of the administration of the Group's properties.

The Group currently leases all but one of its restaurants. Leases are for a typical term of 25 years and generally require that their annual rent be reviewed on an "upwards-only" basis every five years and are on standard market terms. The average unexpired lease length is 15 and 21 years for PizzaExpress and the ASK Group, respectively.

On occasions where the Group sees an opportunity to realise value, it will acquire a freehold and look to enter into a sale and lease-back of the site.

Restaurant site openings

The Group has a central team of personnel and commits significant resources to its new site roll-out programme. During the year ended 26 June 2005, PizzaExpress opened four restaurants and the ASK Group opened a total of 18 restaurants. These new restaurants, which were open for an average of 7.4 months, contributed an aggregate turnover of £7.9 million and restaurant-level EBITDA of approximately £850,000 during that year.

In 2004, the Group merged the property teams of PizzaExpress and the ASK Group, bringing together a highly skilled team with extensive experience within the restaurant, retail and property sectors. To assist the Group in the identification and assessment of new site opportunities, the Group has developed a proprietary analytical model that projects the sales and profitability performance for a potential new location, taking into account local demographic factors such as population density and household income levels, as well as site specific factors, such as site visibility, accessibility and proximity to shopping areas, business districts, cinemas, leisure parks or hotels.

PizzaExpress, prior to its acquisition by TDR Capital and Capricorn, and ASK, prior to its acquisition by the Group, pursued aggressive growth strategies. Since each of these acquisitions, greater discipline and a more returns-driven approach has been introduced to the ongoing roll-out programme for new sites.

PizzaExpress has expanded from 68 restaurants in 1993 to 311 today, while the ASK Group has expanded from 34 restaurants in 1998 to 186 (including six other restaurants) today. Together, PizzaExpress and the ASK Group opened 37, 32 and 22 restaurants in the years ended 29 June 2003, 27 June 2004 and 26 June 2005, respectively.

In identifying new sites, the Group looks, where possible, for historical or character buildings. The Group targets areas with a high proportion of established and young professionals, families and students either living, working or visiting. The Group also examines supply and demand trends in the area, such as proposed infrastructure improvements and new property developments.

The Group devotes significant resources in evaluating the long-term investment potential of prospective sites. As part of its returns-driven approach, the Group models potential investment returns using long-term cash flow forecasts for each site, taking into account any diversion of customers from other Group restaurants in the proximity. The Group plans to open 20 to 25 new restaurants in the year ending 30 June 2006, with an ongoing programme of 25 to 30 new openings per year thereafter. In rolling out new sites, it is intended that the Group will focus increasingly on areas outside Greater London.

All new opening decisions are made at a Group level, with the consultation of senior managers from each brand.

Maintenance

The Group's maintenance teams are responsible for managing ongoing refurbishment across the Group's restaurant estate.

Refurbishments undertaken by the Group comprise either ''major'' or ''minor'' refurbishments. Minor refurbishments, typically costing between £30,000 and £50,000, are planned approximately five years after opening of a site and are primarily directed at refreshing customer facing areas. Major refurbishments costing between £80,000 and £180,000 will typically be undertaken approximately 10 years after opening and often include replacement of equipment, tables, chairs and full redecoration. Exceptions are made where trading performance, local competition, the number of current refurbishment programmes or the actual condition of the site make it appropriate. The average age of PizzaExpress restaurants is 7.9 years as compared to 5.2 for ASK and 2.7 for Zizzi. After re-setting restaurants' age for major refurbishments, the average of PizzaExpress restaurants is 5.3 years as compared to 5.0 for ASK and 2.7 years for Zizzi.

In addition to the standard refurbishment cycle, each restaurant receives painting and ongoing maintenance on a regular basis.

In 2005, the Group spent £13.2 million on repairs and maintenance, of which £6.3 million was expensed.

Between 29 June 2003 and 26 June 2005, the Group has invested £25.1 million (capital and expensed) in maintenance and refurbishment expenses on its existing estate.

Merchandising

PizzaExpress licenses certain trade marks to third party manufacturers that supply grocery stores such as Waitrose, Safeway, Somerfield and Sainsbury's with chilled products—including five of its best-selling pizzas and dough balls—under the PizzaExpress brand name and to the Group's specifications. The Group is paid a royalty.

Marketing

PizzaExpress employs a dedicated marketing team that handles and coordinates Group marketing efforts centrally, including public relations. PizzaExpress maintains ongoing marketing efforts through various initiatives, including its customer loyalty programme (known as the ''PizzaExpress Club'', which currently has over 17,000 members, who each pay an annual membership fee), hosting concerts from renowned jazz musicians in designated PizzaExpress restaurants and sponsoring jazz events across the UK. PizzaExpress also supports the Venice in Peril Fund, which contributes towards the restoration of historical buildings in Venice. PizzaExpress has raised approximately £1.5 million for this charity since 1975. PizzaExpress also supports the restoration of historical buildings and works of art in the UK. PizzaExpress runs grass roots programmes, including an educational programme for primary and secondary school pupils, held at restaurants in their area, where they are given lessons in food preparation, literacy, numeracy, and working as a team. Over 45,000 pupils attended the programme in 2004, and over 230,000 have attended the programme since 1999.

The ASK Group does not have a central marketing function. It has grown its business through word-of-mouth advertising. The Directors believe new restaurant openings for ASK and Zizzi typically achieve sales volumes targets without any marketing due to their broad customer appeal and the reputation of the brands.

Licences and trade marks

PizzaExpress and the ASK Group have registered the trade marks and brand names of PizzaExpress, ASK Pizza & Pasta, Zizzi and other marks and logos essential to the Group's operations for protection in the United Kingdom and other jurisdictions. The Directors believe that the trade marks and logos of the Group's businesses have significant value and are important to its business. The Group's policy is to pursue registration of the Group's trade marks and to oppose their infringement. PizzaExpress licenses the use of PizzaExpress registered trade marks in the UK to manufacturers of its chilled pizzas and other food products.

In connection with the separation of the Non-core Group, PizzaExpress Limited has granted exclusively to certain members of the Non-core Group royalty-free licences to use certain trade marks, including the ''PizzaExpress'' trade mark, outside the United Kingdom, the Republic of Ireland and the Bailiwick of Jersey for a term of 25 years commencing 17 December 2003. In addition, the non-UK Marzano brands and the Café Pasta brands formerly owned by the Group have been transferred to the Non-core Group. PizzaExpress Limited and the ASK Group have also licensed the use of certain trade marks including the ''PizzaExpress'' trade mark, and the ASK Group has licensed the use of ''ASK Pizza & Pasta'' and ''Zizzi'' trade marks, to certain members of the Non-core Group for a term ending on 27 June 2007 or, in relation to any such restaurant earmarked for closure, on the closure of that restaurant. Further details of the intellectual property arrangements between the Group and the Non-core Group are set out in paragraph 19.7 of Part X — ''Additional Information''.

Insurance

PizzaExpress and the ASK Group maintain commercial combined insurance that is customary for businesses of their size and type. These policies cover material damage, terrorism, business interruption, public and products liability, employer's liability, engineering inspection, director's and officer's liability, commercial vehicle and other coverage in a form, and with such limits, as the Directors believe are customary for businesses of their size and type.

Regulation

The Group is subject to various national and local laws and regulations affecting the operation of the Group's business, including various health, sanitation, planning permission, licensing, fire and safety standards. The Group is also subject to various United Kingdom laws and EU regulations governing the Group's relationship with employees, including such matters as minimum wage requirements, the treatment of part-time workers, employers' national insurance contributions, overtime and other working conditions.

The main hourly minimum wage rate for workers aged 22 and over increased from £4.85 to £5.05 on 10 October 2005, which increased labour costs. Additionally, the Group's operations are regulated pursuant to the United

Kingdom Health and Safety at Work etc. Act 1974 and related laws. Britain's Health and Safety Commission and Health and Safety Executive as well as local authorities are responsible for enforcing most work-related health and safety guidelines, codes and regulations. Moreover, certain health and safety obligations may exist or arise under EU law, such as local regulations based on European Directives. The Group has dedicated health and safety functions in each of PizzaExpress and the ASK Group which conduct regular audits of compliance. Under the United Kingdom Disability Discrimination Act 1995 and other laws, the Group has a duty to make its restaurants accessible to disabled customers. Neither PizzaExpress nor ASK has had any material violations of any health regulations or any material violations of any safety standards.

Each of the Group's restaurants sells alcoholic beverages and is therefore subject to licensing and regulation by a number of governmental authorities, including the United Kingdom Department of Culture, Media and Sport, pursuant to the United Kingdom Licensing Act 2003 and related laws and regulations.

There has been a recent consultation exercise on smoking in public places which may lead to the introduction of regulations controlling smoking in public. The current timetable suggested by the Government envisages a total smoking ban in all premises licensed to sell alcohol by the end of 2008. While the Group believes the experience of such a ban in the Republic of Ireland suggests it will not have a material impact on its business, there can be no assurance that this will be the case.

The Directors are not aware of any regional, national or local environmental or health and safety laws or regulations that will materially affect the Group's earnings or competitive position, or result in material capital expenditures. However, the Group cannot predict the effect of possible future environmental or health and safety legislation or regulations (see Part II — ''Risk Factors — The Group's failure to comply with existing or increased regulations, or the introduction of changes to existing regulations, could adversely affect its business, financial and other conditions, profitability and results of operations'').

Dividend policy

The Directors intend to adopt a progressive dividend policy and will target a payout ratio of approximately 35 to 45 per cent. of profits after tax, which will reflect the long-term earnings and cash-flow potential of the Group, whilst maintaining an appropriate level of dividend cover. Please see Part II — ''Risk Factors — As a holding company, the Company's ability to pay dividends will depend upon the level of distributions, if any, received from its operating subsidiaries and the level of cash balances''.

Assuming that there are sufficient distributable reserves available at the time, the Directors intend that the Company will pay an interim dividend and a final dividend in respect of each financial year in the approximate proportions of one-third and two-thirds, respectively, of the total annual dividend. The first dividend to be paid by the Company is intended to be the interim dividend in respect of the six-month period ending 30 December 2005, to be announced with the interim results in March. This interim dividend will reflect the proportion of the six-month period to 31 December 2005 that the Company has been listed.

PART VI

MANAGEMENT AND SIGNIFICANT SHAREHOLDERS

1 Board of Directors

The Directors of the Company are as follows:

Name	Age	Position	Year first joined the Group
David Ross	40	Chairman	2005
Harvey Smyth	37	Executive Director	2003
Jo Fleet	40	Executive Director	1998
Chris Heath	44	Executive Director, Chief Financial Officer and Commercial Director	2005
Manjit Dale	40	Non-Executive Director	2003
Julian Seaward	49	Non-Executive Director	2004
Robert 't Hooft	37	Non-Executive Director	2005
Zillah Byng-Maddick	30	Non-Executive Director	2005
Richard Grigson	39	Senior Non-Executive Director	2005
Karen Jones	49	Non-Executive Director	2005

David Ross (Chairman) — Mr Ross was appointed Chairman of the Company in October 2005. Mr Ross was one of the original founders of The Carphone Warehouse, and was appointed Finance Director in 1991, Chief Operating Officer in 1996, and Deputy Chairman in 2003. Mr Ross is also currently a non-executive director of National Express Group Plc, Wembley National Stadium Limited and Cosalt Plc. Mr Ross has a degree in law from Nottingham University, and is also a qualified Chartered Accountant.

Harvey Smyth (Executive Director) — Mr Smyth joined PizzaExpress Limited in October 2003 as its Chief Executive Officer. Mr Smyth was previously Deputy Chief Executive Officer and UK Managing Director of Pret A Manger, having joined the company in 1996 as Finance Director. Mr Smyth has a degree in biochemistry from Bristol University, and is also a qualified Chartered Accountant.

Jo Fleet (Executive Director) — Mrs Fleet joined ASK Central in 1998, and became Operations Director in 2002 having previously been Operations Manager responsible for all London branches of both ASK and Zizzi. Mrs Fleet was promoted to Managing Director of ASK Central in January 2005, and is now its Chief Executive Officer. Prior to joining ASK Central, Mrs Fleet spent 10 years with My Kinda Town as Operations Manager. Mrs Fleet has a BA degree from Leeds University.

Chris Heath (Executive Director, Group Chief Financial Officer and Commercial Director) — Mr Heath joined the Company as Group Chief Financial Officer and Commercial Director in October 2005. Mr Heath previously worked for Allied Domecq PLC where he held a number of senior positions, including Global Finance Director, European Finance Director, Managing Director UK and Managing Director Spain. Mr Heath is a member of the Chartered Institute of Management Accountants.

Manjit Dale (Non-Executive Director) — Mr Dale is co-founder of TDR Capital, a UK based private equity firm specialising in leveraged buyouts across Western Europe. Mr Dale has over 10 years of private equity and consulting experience gained with a variety of organisations including Andersen Consulting, 3i plc, NM Rothschild, Bankers Trust and Deutsche Bank. Mr Dale has invested in excess of €1 billion of equity in over 20 transactions during this period and has particularly strong experience in the UK leisure sector. He also holds non-executive positions at Pearl Group Ltd, and Rapala Normark NV. Mr Dale has a Masters Degree in economics from Cambridge University.

Julian Seaward (Non-Executive Director) — Mr Seaward has been a Private Equity Operating Partner since 2001, firstly for the Nomura Principal Finance Group, and subsequently for Deutsche Bank Capital Partners and then TDR Capital. Since joining TDR Capital, Mr Seaward has been responsible for PizzaExpress since January 2004, and for ASK Central since its acquisition in May 2004. Mr Seaward was previously a Partner at McKinsey & Company for eight years, leading the firm's support for several major clients and also the UK Property and Casualty Insurance Practice, and chairing the Worldwide Recruiting Leadership Group. Prior to joining McKinsey & Company in 1987, Mr Seaward worked for Price Waterhouse, where he qualified as a Chartered Accountant in 1981. Mr Seaward has a degree in mathematics from Cambridge University.

Robert 't Hooft (Non-Executive Director) — Mr 't Hooft became a director of PizzaExpress Limited in 2003, and is currently Managing and Founding Director of Nando's UK. Mr 't Hooft was born in South Africa and has a BA Hons degree from London University.

Zillah Byng-Maddick (Non-Executive Director) — Mrs Byng-Maddick joined the Company as a Non-Executive Director in October 2005. Mrs Byng-Maddick is currently Chief Financial Officer of Thresher Group, where she has worked for four years. Prior to joining Thresher Group, Mrs Byng-Maddick has held finance positions at HMV Group and GE Capital. Mrs Byng-Maddick has a degree in management from Glasgow University, and is a member of the Chartered Institute of Management Accountants and an Associate of the Corporation of Treasurers.

Richard Grigson (Senior Non-Executive Director) — Mr Grigson joined the Company as a Non-Executive Director in October 2005. Mr Grigson has been Senior Bursar of Peterhouse, Cambridge since 2003. Between 1989 and 2003, Mr Grigson worked in the investment banking divisions of CSFB and Morgan Stanley, latterly as a Managing Director, specialising in corporate finance advice for retail and luxury goods companies. Mr Grigson has a degree in Literae Humaniores from Oxford University.

Karen Jones (Non-Executive Director) — Ms Jones joined the Company as a Non-Executive Director in October 2005. Ms Jones is Chief Executive of the Spirit Group and was part of the team that acquired Allied Domecq's pub portfolio in October 1999 and Scottish & Newcastle's pub estate in November 2003. Ms Jones is also a non-executive director of Royal National Theatre Enterprises Limited and emap PLC, and is a Governor of the Ashbridge Business School. Prior to joining the Spirit Group, Ms Jones set up the Café Rouge restaurant chain, which was floated as the Pelican Group PLC. Ms Jones has a first-class honours degree in English and American literature from the University of East Anglia, and also studied at Wellesley College, Massachusetts, United States.

2 Senior Management

The Group's Senior Management team, in addition to the Directors listed above, is as follows:

Name	Age	Position	Year first appointed
Helen Burgess	43	Group Property Director	2004
Mark Crawford	38	Group Supply Chain Director	2004
Adam Kaye	37	Co-Founder, ASK Central	1993
Sam Kaye	33	Co-Founder, ASK Central	1993
Martin Eckersley	49	Finance Director of ASK Central and Group Company Secretary	1997
Nigel Garfitt	45	Operations Director, PizzaExpress	2005
Jackie Freeman	39	Finance Director, PizzaExpress	2003

Helen Burgess (Group Property Director) — Ms Burgess joined PizzaExpress in June 2004 as Property Director, and is responsible for all areas of estate management. Ms Burgess has over 20 years' experience in the estate management sector, and has worked with organisations such as Kingfisher, John Menzies, Booker, Texas Homecare and the Gateway Corporation. Ms Burgess graduated from The Royal Institute of Chartered Surveyors as an Associate in 1989.

Mark Crawford (Group Supply Chain Director) — Mr Crawford joined PizzaExpress as the Supply Chain Director in December 2004 with responsibility for the sourcing and supply of products and services to all restaurants in the Group, as well as dough manufacturing at the Uxbridge bakery. Mr Crawford joined PizzaExpress from the John Lewis Partnership where, as a Lead Consultant, he helped to establish and develop an in-house strategic supplier management team. Prior to this, Mr Crawford spent three years as Commercial Finance Director for FSL Event Management, which followed four years with Yum (formerly PepsiCo Restaurants International) as a Director of Supply Chain Management, based in Southern Africa. Mr Crawford graduated from Loughborough University with a degree in Human Biological Sciences and is a member of the Chartered Institute of Management Accountants.

Adam Kaye (Co-Founder, ASK Central) — Mr Kaye has been an Executive Director of ASK Central since 1995, having founded the ASK Group with his brother Sam in 1993. Mr Kaye studied catering at Westminster College, London and subsequently worked at City Centre Restaurants, before opening the first ASK restaurant at Haverstock Hill in 1993.

Sam Kaye (Co-Founder, ASK Central) — Mr Kaye has been an Executive Director of ASK Central since 1995, having founded the ASK Group with his brother Adam. Mr Kaye studied catering at Westminster College, London.

Martin Eckersley (Finance Director of ASK Central and Group Company Secretary) — Mr Eckersley joined ASK Central as Finance Director and Company Secretary in 1997. Mr Eckersley qualified as a chartered accountant in 1980. From 1980 to 1983, he was an accountant at Deloitte & Touche in London. Between 1983 and 1987, Mr Eckersley has worked in senior positions within the Courage Group, and was appointed Finance Director at Cullen's Stores plc in 1990, making a total of over 20 years' experience in the food and beverage industry to date.

Nigel Garfitt (Operations Director, PizzaExpress) — Mr Garfitt joined PizzaExpress as Operations Director in 2005, and is responsible for introducing operating standards and efficiencies within Group restaurants, through leadership of the Operations Team. Mr Garfitt started his career at Marks & Spencer in 1979, and worked in various operational roles until being given responsibility for store development, new site assessment and maintenance operations. In 1998, Mr Garfitt joined Pret A Manger as Operations Director, and played a key role in growing, developing and managing operations for over 150 outlets worldwide. After this, Nigel returned to Marks & Spencer in 2003 to become Divisional Executive for the North of England. Mr Garfitt has completed the Advanced Management Program at Harvard University.

Jackie Freeman (Finance Director, PizzaExpress) — Ms Freeman joined PizzaExpress in January 2003 as Director of Finance and IT with responsibility for all aspects of the day-to-day running of both departments, and was appointed Finance Director of PizzaExpress in October 2003. Between 1987 and 1991, Ms Freeman worked within Arthur Andersen & Co's audit and business advisory practice, and then moved to Black & Decker where she was appointed Financial Planning Manager and then Financial Controller. In 1997, Ms Freeman joined Storehouse as Financial Controller, where she worked within Mothercare's UK division, and then within Bhs, and continued to work with the new management of Bhs when it was sold by Storehouse in 2000. Ms Freeman has a degree in chemistry from Reading University, and is also a qualified Chartered Accountant.

3 Employees

The majority of the Group's employees are waiters and food preparation personnel in the Group's restaurants. The following table sets forth the average number of employees the Group employed during the 52 weeks ended 29 June 2003, 27 June 2004 and 26 June 2005.

	Average number		
	29 June 2003	**27 June 2004**	**26 June 2005**
Restaurants and distribution	7,418	7,705	10,560
Administration	168	134	181
	7,586	7,839	10,741

4 Employees' share schemes

The principal features of each of the Group's share schemes are set out in paragraph 9 of Part X — "Additional Information".

5 Corporate governance

Combined Code

The Group intends to comply with the Combined Code other than as set out in this paragraph 5. The Combined Code currently recommends that at least half of the board of directors of a UK listed company, excluding the chairman, should comprise non-executive directors determined by the board to be independent in character and judgment and free from relationships or circumstances which may affect, or could appear to affect, the director's judgment. On appointment, the chairman should meet the criteria for independence set out in the Combined Code, although thereafter the chairman should not be considered as independent when assessing the balance of the board. Given that, upon Admission, the Board will consist of the Chairman, three independent Non-Executive Directors, three Non-Executive Directors appointed by TDR Capital and Capricorn, and three Executive Directors, the Company will not comply with this recommendation of the Combined Code.

Under the terms of the Relationship Agreement entered into between the Company and the Principal Shareholders (as described under the paragraph headed "Significant shareholders" below and in paragraph 18 of

Part X — "Additional Information"), TDR Capital and Capricorn have rights to appoint Non-Executive Directors to the Board and to key committees of the Board. In addition, a quorum for Board meetings and meetings of each of these committees (where TDR Capital and Capricorn have exercised their right to appoint a Director to the relevant committee), other than for matters where conflicts of interest will arise, will require the presence of at least one nominee Director. Such rights are retained only for so long as TDR Capital and Capricorn hold 10 per cent., taken together, or more of the Ordinary Shares.

The Chairman's role is to ensure good corporate governance. His responsibilities will include leading the Board, ensuring the effectiveness of the Board in all aspects of its role, ensuring effective communication with shareholders, setting the Board's agenda and ensuring that all Directors are encouraged to participate fully in the activities and decision-making process of the Board.

On Admission, the Company will have three independent Non-Executive Directors, namely Zillah Byng-Maddick, Richard Grigson and Karen Jones. The Combined Code recommends that the board should recommend one of its independent non-executive directors to the position of senior independent director. This senior independent director should be available to the shareholders in the event that contact through the normal channels of chairman, chief executive or chief financial director would be inappropriate or has been unsuccessful. Richard Grigson has been nominated as the senior independent Director.

The Board has established three committees: an audit committee, a nominations committee and a remuneration committee. If the need should arise, the Board may set up additional committees as appropriate.

Audit committee

The audit committee's role is to assist the Board with the discharge of its responsibilities in relation to internal/external audits and controls, including reviewing the Group's annual financial statements, considering the scope of the annual audit and the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the internal control systems in place within the Group. The audit committee will normally meet not less than twice a year.

The audit committee is chaired by Zillah Byng-Maddick and its other members are Karen Jones and Richard Grigson. The Combined Code recommends that all members of the audit committee be non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment. The Board considers that the Company complies with the requirements of the Combined Code in this regard.

Nominations committee

The nominations committee assists the Board in determining the composition and make-up of the Board. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors, as the need may arise. The nominations committee also determines succession plans for the Chairman and Chief Executive. The nominations committee will meet when appropriate.

The nominations committee is chaired by David Ross and its other members are Julian Seaward, Zillah Byng-Maddick, Richard Grigson and Karen Jones. The Combined Code recommends that a majority of the nominations committee be non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment. The Board considers that the Company complies with the requirements of the Combined Code in this regard.

Remuneration committee

The remuneration committee assists the Board in assessing its responsibilities in relation to remuneration, including recommending what policy the Company should adopt on executive remuneration, determining the levels of remuneration for each of the Executive Directors and recommending and monitoring the remuneration of members of senior management. The remuneration committee will also generate an annual remuneration report to be approved by the members of the Company at the annual general meeting. The Remuneration Committee will normally meet not less than twice a year.

The remuneration committee is chaired by Karen Jones, and its other members are Manjit Dale, Julian Seaward, Zillah Byng-Maddick and Richard Grigson. The Combined Code recommends that all members of the remuneration committee be non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment. On Admission, the Company will not comply with this recommendation of the Combined Code.

Model Code

Upon Admission, the Company will adopt a code of securities dealings in relation to the Ordinary Shares which is based on, and is at least as rigorous as, the Model Code as published in the Listing Rules. The code adopted will apply to the Directors and other relevant employees of the Group.

6 Significant shareholders

PandoraExpress LP, a limited partnership controlled by TDR Capital and Capricorn, is the current controlling shareholder of the Group. Immediately following the Global Offer, it is expected that PandoraExpress LP will distribute its holding of Ordinary Shares to TDR Capital and Capricorn. Following the Global Offer, TDR Capital and Capricorn will together own 51.4 per cent. of the issued share capital of the Company (46.7 per cent. if the Over-allotment Arrangements are exercised in full).

TDR Capital LLP is a limited liability partnership, established in 2002, between Manjit Dale, Stephen Robertson and Tudor Capital (U.K.) Limited, a subsidiary of Tudor Group Holdings LLC. TDR Capital LLP was established as a private equity fund manager to manage funds which make private equity investments, principally buyouts, in middle-market companies in Europe. TDR Capital LLP has approximately €700 million in funds under management. TDR Capital LLP is regulated in the UK by the Financial Services Authority.

Capricorn Ventures International Limited is a European-managed global investment group, registered in the British Virgin Islands. It invests in the restaurant, food and beverage sector, and in the insurance and niche financial services sectors. The geographical focus of its investments is in Europe, Africa, the United States and Australia. Capricorn Ventures International Limited owns 100 per cent. of Nando's International, which owns or is the franchisor of some 400 restaurants in more than 10 countries, including 107 in the United Kingdom. Capricorn Ventures International Limited is controlled by a discretionary family trust, and holds interests, directly or indirectly, in more than 50 investee companies, which together have more than 10,000 employees worldwide.

In view of their relationship with the Company, the Company and the Principal Shareholders have entered into the Relationship Agreement pursuant to which TDR Capital and Capricorn shall be able to appoint (remove and replace) three Non-Executive Directors to the Board (for so long as they together hold 30 per cent. or more of the Ordinary Shares following Admission), two Non-Executive Directors (for so long as they together hold 20 per cent. or more) and one Non-Executive Director (for so long as they together hold 10 per cent. or more). In addition, for so long as TDR Capital and Capricorn together hold 10 per cent. or more of the Ordinary Shares, they shall be entitled to appoint, remove and re-appoint one Non-Executive Director to each of the audit, nominations and remuneration committees, and, where such rights of appointment have been exercised, meetings of such committees shall not be considered quorate unless that Director so appointed is present at such meetings. Similarly, meetings of the Board will not be quorate unless one Non-Executive Director appointed by TDR Capital and Capricorn is present at such meetings. These quorum requirements shall not apply where the matter to be considered involves a conflict between the Group and TDR Capital or Capricorn. These quorum requirements shall also not apply where the matter to be considered concerns a conflict between the interests of the Group and those of the Principal Shareholders or where a Board meeting, adjourned as non-quorate for the lack of a nominated Director, has not been able to be re-convened due to the non-availability of any nominated Director for a period in excess of seven days.

The Relationship Agreement also provides that TDR Capital and Capricorn shall conduct all transactions and relationships with the Group on arms' length terms and on a normal commercial basis and shall not take any action which precludes or inhibits any member of the Group from carrying on its business independently of them. Any amendments to the existing arrangements between the Group and TDR Capital or Capricorn or entry into new arrangements must be approved by a majority of Directors not including any Non-Executive Director appointed by TDR Capital and Capricorn and no Director appointed by TDR Capital and Capricorn (or, at a general meeting, the Principal Shareholders) may vote on any resolution to approve the enforcement or amendment of such arrangements or any other matters where there is a conflict between the interests of the Group and those of TDR Capital or Capricorn. The Principal Shareholders have in addition agreed to disclose to their nominated Directors information relating to potential opportunities where there may be a conflict with the Group such that the relevant Director does not participate in any decision by the Company in relation to that matter and such opportunities may be pursued by the relevant Principal Shareholder without disclosure to the Group. Further details of the Relationship Agreement are set out in paragraph 18 of Part X — "Additional Information".

7 City Code on Takeovers and Mergers (the "City Code")

Under Rule 9 of the City Code, when:

- any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30 per cent. or more of the voting rights of a company; or
- any person who, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights and such person (or any person acting in concert with him) acquires additional shares which increases the percentage of the voting rights,

such person is normally required to make a general offer in cash to all shareholders in the company concerned at a price per share equal to the highest price paid by him (or by any person acting in concert with him) during the preceding period of 12 months. For the purposes of the City Code, TDR Capital and Capricorn will be deemed to be acting in concert following the Global Offer. TDR Capital and Capricorn will together hold 51.4 per cent. of the voting rights of the Company (46.7 per cent. if the Over-allotment Arrangements are exercised in full) immediately following the Global Offer.

Under the rules of the Partnership Plan, it is anticipated that Ordinary Shares held under the Partnership Plan by eligible employees may in the circumstances described in paragraph 9.1.1 of Part X — "Additional Information" be forfeited and bought back by the Company and/or the Partnership Plan employee benefit trust during the 12 month period following Admission. Where repurchases are undertaken by the Company, this will result in an increase in the percentage level of ownership of TDR Capital and Capricorn in the Company.

TDR Capital and Capricorn may, in aggregate, hold more than 50 per cent. of the voting rights of the Company immediately following the Global Offer and, for so long as they continue to be treated as acting in concert and hold an aggregate shareholding in excess of 50 per cent., may accordingly be able to increase such shareholding without incurring any obligation under Rule 9 of the City Code to make a general offer, although neither TDR Capital nor Capricorn would be able to increase their individual percentage shareholding through a Rule 9 threshold without the consent of the Takeover Panel (being the body responsible for monitoring and enforcing the City Code).

Prospective investors should also be aware that, following the Global Offer, the Company may repurchase its Ordinary Shares under the terms of the Partnership Plan. The Panel has agreed that TDR Capital and Capricorn will not incur an obligation under Rule 9 of the City Code to make a general offer when the Company repurchases Ordinary Shares in the manner described above, irrespective of their aggregate and individual percentage shareholdings.

PART VII

OPERATING AND FINANCIAL REVIEW

The following discussion and analysis is based on and should be read in conjunction with the historical financial information of the Group and the ASK Group, which have been prepared in accordance with UK GAAP. See Part VIII — ''Accountants' Reports and Financial Information for the Group''. Unless otherwise stated, all amounts in this Part VII are presented in accordance with UK GAAP, although the Group has prepared financial information for the financial year ended 26 June 2005 on an IFRS basis and intends to prepare financial information for subsequent years in accordance with IFRS. See Section B of Part VIII — ''Accountants' Reports and Financial Information for the Group'' and Note 2 — ''Summary of significant accounting policies — Basis of preparation'', therein. UK GAAP differs in certain respects from IFRS and US GAAP. See Note 5 in Section B of Part VIII — ''Accountants' Reports and Financial Information for the Group'' and Section E of Part VIII — ''Accountants' Reports and Financial Information for the Group'' for a description of the principal differences between UK GAAP, IFRS and US GAAP, as they relate to the Group.

In addition to historical information, the following discussion and other parts of this prospectus contain forward-looking information that involves risks and uncertainties. The Group's actual results could differ materially from those anticipated by such forward-looking information due to the factors discussed under the sections entitled ''Risk factors'' and ''Forward-looking statements'' and elsewhere in this prospectus.

For purposes of the discussion below, the term ''financial year'' means the 52 weeks ended 26 June 2005 with regard to 2005, the 52 weeks ended 27 June 2004 with regard to 2004, and the 52 weeks ended 29 June 2003 with regard to 2003.

Overview

The Company is the holding company for the Group[(1)], which leads the UK casual dining sector[(2)] and the premium/authentic segment of the eat-in pizza/pasta restaurant market, as measured by number of restaurants. As at 26 June 2005, the Group had a portfolio of 497 company-owned restaurants spread across the United Kingdom and the Republic of Ireland. The Group's businesses consist of PizzaExpress, which operates eat-in, premium/authentic pizza restaurants principally under the PizzaExpress brand name, and the ASK Group, which operates eat-in, premium/authentic pizza and pasta restaurants principally under the ASK and Zizzi brand names. As at 26 June 2005, the Group consisted of 311 PizzaExpress restaurants[(3)], 108 ASK restaurants, 72 Zizzi restaurants and 6 other restaurants, and, to a significantly lesser extent, merchandising operations selling ingredients and licensing products to external customers.

The Group acquired PizzaExpress in 2003 and the ASK Group in 2004. The Group has sought to drive profitable growth by consolidating its operations, improving the performance of its existing restaurant portfolio, focusing on restaurant basics, consolidating the Group's supply chain, pursuing a disciplined restaurant opening strategy and leveraging economies of scale for greater efficiency, cost savings and competitive advantage. The Directors believe that these strategies contributed significantly to the Group's operating results for its 2004 and 2005 financial years.

Key factors affecting the Group's results of operations

The results of the Group's operations have been, and will continue to be, affected by many factors, some of which are beyond the Group's control. This section sets out certain key factors that the Directors believe have affected the Group's results of operations or could affect its results of operations in the future. Differences in the timing of the impact of certain of these factors may make it difficult to directly compare the Group's financial information for the three financial years under review. For a discussion of certain factors that may adversely affect the Group's results of operations and financial condition, please also see Part II — ''Risk Factors — Risks related to the Group's business''.

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(1) Assuming completion of the Reorganisation.

(2) The term ''casual dining'' refers to a sit-down meal (with waiter/waitress service) with appetisers, main course and desserts, and payment after eating. Casual dining restaurants are to be distinguished from ''quick service'' restaurants where the primary function is to provide full meals, but where table service is not offered (for example, food-led pubs, fast food restaurants, and the takeaway business of restaurant operators such as Pizza Hut). Quick service restaurants are characterised by the food and beverages typically being paid for in advance of being consumed, limited menus and short order times.

(3) This figure includes seven restaurants which trade under the Milano brand name in Ireland, four Gourmet Pizza restaurants (of which one trades under the Riviera brand name), one Kettners restaurant and one restaurant trading under the Marzano brand name in London.

The acquisition of the ASK Group and new restaurant openings

Changes in the number of restaurants in the Group's restaurant portfolio significantly affect the Group's results of operations. The acquisition of the ASK Group, which added 169 restaurants to the Group's restaurant portfolio in 2004, coupled with the opening of new PizzaExpress and ASK Group restaurants have increased the Group's restaurant portfolio from 290 restaurants at the beginning of its 2003 financial year to 497 restaurants at the end of its 2005 financial year. The Group plans to open 20 to 25 new restaurants in its 2006 financial year, with an ongoing programme of 25 to 30 new openings per year thereafter. For further information regarding changes in the Group's restaurant portfolio, see "Key factors affecting the Group's results of operations — Property management — restaurant openings, maturity and closures".

Refocusing of PizzaExpress operations

Following the acquisition of PizzaExpress, the Group reviewed its operations and sought to refocus its strategies to improve operating results. With effect from 1 July 2003, certain businesses of PizzaExpress, which were identified as not being core to the ongoing activities of the Group, including the Discontinued Operations, were transferred to the Non-core Group. Certain of these operations have subsequently been divested and/or closed, and additional ASK and Zizzi underperforming restaurants have been transferred to the Non-core Group. The Non-core Operations currently include seven underperforming PizzaExpress restaurants, four underperforming ASK restaurants, one underperforming Zizzi restaurant, five restaurants trading under the Café Pasta name, three residual UK PizzaExpress franchise operations, franchise operations outside the United Kingdom, and the International Operations. The International Operations have operated outside of the Group since 1 July 2003. The remaining Non-core Operations were initially transferred to a separate subsidiary in the Group and were transferred out of the Group on 20 October 2005.

The Group also appointed new senior management for PizzaExpress, which sought to re-establish high quality and service standards in its restaurants by implementing its restaurant basics strategy, as described below. Finally, the Group slowed the rate at which new PizzaExpress restaurants were opened as part of a controlled expansion strategy focusing on attractive investment opportunities while maintaining quality at its existing estates.

Return to restaurant basics

The Directors believe that the Group's renewed focus on food quality and service is a key factor to restaurant profitability. The Group's return to restaurant basics from its 2003 to 2005 financial years focused on:

- providing innovative menu offerings and high quality food;
- recruiting and motivating high-calibre restaurant managers;
- employing well-trained and highly incentivised restaurant personnel, and providing opportunities for career progression;
- providing a quality, value-for-money dining experience; and
- providing a characterful and stylish setting through continuous but disciplined maintenance and refurbishment of the Group's restaurants.

This strategy has affected the Group's operations in several ways. New restaurant menus have been introduced at PizzaExpress restaurants, and most recently at ASK's restaurants, to provide enhanced food offerings and, in certain cases, implement price revisions. The Group has sought to strengthen its regional management structure and extensively recruited to fill restaurant manager vacancies that had adversely affected its performance. The average number of managers per PizzaExpress restaurant increased from 1.6 to 1.9 from the Group's 2003 financial year to its 2005 financial year. The Group has also bolstered its area management structure with area managers, each of whom is now responsible for between five and 15 restaurants, depending on his or her level of experience. The Group has established a new compensation and bonus scheme designed to incentivise and retain restaurant managers and thereby lower recruiting costs. The Group has increased training for restaurant personnel, focusing on attentive service to promote increased sales and higher levels of customer satisfaction. The Group is currently implementing a number of strategic initiatives at the restaurant level to optimise labour resources (for example, PizzaExpress has recently introduced a "smart rota" system, under which staff rotas are determined according to forecast levels of sales, number of customers, expected dwell times and other data). Finally, the Group has adopted a periodic maintenance programme to maintain the quality of existing restaurants. The Directors believe that the Group's return to restaurant basics is a key factor in driving profitable growth from its existing restaurant portfolio.

Consolidation of supply chain

Following the acquisition of the ASK Group, the Group merged its supply chain and property management functions across the Group. A key result of these initiatives has been the consolidation of the Group's distribution. Prior to the acquisition of the ASK Group, PizzaExpress used in-house and third-party distributors to distribute ingredients and other materials to its restaurants, while the ASK Group employed an outsourced distribution model. These arrangements have now been consolidated so that PizzaExpress outsources its distribution and the Group centrally coordinates all of its supply chain management and distribution operations. This has reduced PizzaExpress's distribution costs by eliminating warehousing costs for ambient (dry) goods, reducing third-party distributor costs for chilled and frozen goods, and eliminating transportation and logistics costs related to its fleet of distribution vehicles.

In addition, the Group has leveraged its scale to reduce ingredient and distribution costs by extensively reviewing its supplier base. The Group has also consolidated its dough manufacturing operations by closing the ASK Group's dough-making facilities and using PizzaExpress's facilities to satisfy all of the Group's dough production requirements.

The Directors believe that these programmes have positively affected the Group's recent results of operations and they expect that the programmes will yield further savings in the future.

Property management — restaurant openings, maturity and closures

As described earlier, the Group's results of operations are affected significantly by changes in the number of restaurants in its estate portfolio and have been affected greatly by the acquisition of the ASK Group and the opening of new restaurants. PizzaExpress expanded from 68 restaurants in 1993 to 311 restaurants today, while the ASK Group expanded from 34 restaurants in 1998 to 186 (including the six other restaurants) today. Excluding restaurants in the Discontinued Operations and the Non-core Operations, the Group's estate included 309 restaurants as at 29 June 2003, 481 restaurants as at 27 June 2004 and 497 restaurants as at 26 June 2005.

The Group's expansion strategy currently focuses on opening new restaurants with attractive investment opportunities. The Directors believe that there are significant opportunities available to the Group for new restaurant roll-out. The Group plans to open 20 to 25 new restaurants in its 2006 financial year, with an ongoing programme of 25 to 30 new openings per year thereafter. The Directors expect over half of the restaurant openings planned for the Group's 2006 financial year to occur in the latter half of that year.

Each new Group restaurant typically requires capital expenditures of approximately £600,000 and pre-opening expenses of £50,000. New restaurants typically take between three to 12 months to reach sales maturity, at which point they generate approximately £650,000 to £750,000 in annual sales. During the Group's 2005 financial year, PizzaExpress opened four restaurants and the ASK Group opened a total of 18 restaurants. These new restaurants, which were open for an average of 7.4 months in the Group's 2005 financial year, contributed an aggregate turnover of £7.9 million and restaurant-level EBITDA of £865,000 in that financial year.

Restaurant operating costs

General restaurant operating costs

General restaurant operating costs, including food and supply-related costs, restaurant-level variable operating costs and non-rent fixed costs, were equal to 38.8 per cent. of the Group's turnover for its 2005 financial year.

Labour costs

Labour costs in cost of sales were equal to 30.4 per cent. of the Group's turnover for its 2005 financial year. The Group's labour costs include compensation and benefits for both hourly-paid restaurant management employees and regional managers. These costs are subject to certain factors that are out of the Group's control, including minimum wage laws and other employment and employee benefit laws in the United Kingdom and within the European Union. From the Group's 2003 to 2005 financial years these costs were primarily affected by the opening of new restaurants, the hiring of additional restaurant managers and changes in minimum hourly wages (which, for persons over the age of 22, were £4.20, £4.50, £4.85 and £5.05 in October 2002, 2003, 2004 and 2005, respectively). See Part V — "Information on the Group" and Part II — "Risk Factors — Increasing labour, food and other costs could adversely affect the Group's profitability".

Leasehold rental costs

Costs related to restaurant property leases were equal to 9.1 per cent. of the Group's turnover for its 2005 financial year. The Group's rental agreements generally provide for upwards-only reassessments of rent every five years in proportion to any increases in the market value of the properties. Rent clauses for 46 of the Group's leases were reviewed in its 2004 financial year and rent clauses for 84 properties were reviewed in its 2005 financial year. The Directors expect that rent clauses for 109 properties will be reviewed in the Group's 2006 financial year. See Part II — ''Risk Factors — The Group's restaurant locations are generally leased. Increases in rental payments or the early termination of any of the Group's leases, or the failure to renew or extend the terms of any of the Group's leases or the default by licensees or assignees, could adversely affect the Group's profitability''.

Interest expense and restructuring of debt

The Group's interest expense reflects the terms of its existing bank facilities and shareholder loans provided in connection with the acquisitions of PizzaExpress and the ASK Group. The existing facilities will be repaid on Admission by the draw down of funds under new facilities that carry interest at LIBOR plus a maximum of 1.40 per cent., subject to certain downward adjustments. In addition, shareholder loans will be paid down out of the proceeds of the Global Offer. See the paragraphs entitled ''Liquidity and capital resources of the Group'' and ''Capital resources'' in this Part VII, and paragraph 18.3 of Part X — ''Additional Information''.

Seasonality

Certain aspects of the Group's business are subject to seasonal factors that can impact the Group's results of operations. The Group typically experiences slightly higher turnover during the first half of its financial year than during the second half of its financial year. Certain of the Group's restaurants, particularly those with outdoor seating or in areas with high tourist traffic, enjoy higher turnover during the summer months than during the winter months.

Results of operations of the Group for its 2003, 2004 and 2005 financial years under UK GAAP

Comparability of financial information and presentation of the results of operations of the Group

In light of the complexity of the financial information of the Group, the following discussion analyses:

- the Group's historical financial information for its 2003, 2004 and 2005 financial years;
- a presentation of the operations comprising the Group following the Global Offer, reflecting the impact of the Discontinued Operations, the acquisition of the ASK Group and the Non-core Operations, and the financial information of the ASK Group excluding the Non-core Operations for the ASK Group's 2003 and 2004 financial years.

The Group's results of operations for its 2003 financial year include the Discontinued Operations that were divested in that year. The Group's results of operations for its 2004 financial year include the results of operations of PizzaExpress for that entire financial year and the results of operations of the ASK Group for the period following its acquisition (namely, the last 7.5 weeks of the Group's 2004 financial year). The Group's results of operations for its 2005 financial year include the results of operations of both PizzaExpress and the ASK Group for that entire financial year. For a discussion of the basis of consolidation of the Group's financial information for its 2003, 2004 and 2005 financial years, see Note 1 to Section A of Part VIII — ''Accountants' Reports and Financial Information for the Group''.

Key components of the Group's profit and loss account

The key components of certain line items of the Group's consolidated profit and loss account are described below.

Turnover

The Group's turnover consists primarily of sales by PizzaExpress, ASK, and Zizzi restaurants in the United Kingdom and the Republic of Ireland. The Group's increased turnover from its 2003 to 2005 financial years resulted primarily from its acquisition of the ASK Group, the opening of new restaurants and like-for-like growth at its existing restaurants. Principal drivers of demand for the Group's restaurants are brand perception, the location of its restaurants and general economic conditions in the United Kingdom.

Cost of sales

The Group's cost of sales includes costs related to labour, rent and occupancy, ingredients and beverages, distribution, maintenance and sanitation, depreciation of tangible fixed assets at its restaurants and depreciation of restaurant leases. The Group's cost of sales also includes local advertising costs for individual PizzaExpress restaurants (the Group does not undertake significant national advertising efforts), costs related to day-to-day operations, including expenses for utilities, paper products, linen, laundry, and the write-off of obsolete or non-functional kitchen equipment and restaurant furnishings. Most of the Group's cost of sales arises from costs related to restaurant personnel and regional and area managers, food and food distribution, rentals of short leasehold premises, as well as restaurant-level variable operating costs and non-rent fixed costs. The main factors that influence the Group's cost of sales as a percentage of turnover include movements in leasehold rental costs, minimum wages and the volume and market prices of ingredients and beverages purchased by the Group.

Administrative expenses

The Group's administrative expenses consist of amortisation of goodwill, exceptional costs, costs arising from the Group's restaurant support operations (including costs related to the Group's central supply chain function, which were recognised in cost of sales prior to the Group's 2005 financial year), central marketing and public relations expenses and depreciation of tangible fixed assets located at the offices of its restaurant support operations.

Summary of results of operations of the Group for its 2003, 2004 and 2005 financial years

The following table sets forth certain financial information relating to the Group's profit and loss account, as extracted without material adjustment from the consolidated financial information of the Group for its 2003, 2004 and 2005 financial years that is included in Section A of Part VIII — "Accountants' Reports and Financial Information for the Group" of this prospectus:

	52 weeks ended		
	29 June 2003	27 June 2004	26 June 2005
		(£ in millions)	
Group turnover	221.9	240.8	378.8
Cost of sales	(177.0)	(184.7)	(296.5)
Gross profit	44.9	56.1	82.3
Administrative expenses[(1)]	(21.9)	(31.2)	(45.6)
Group operating profit	23.0	24.9	36.7
Joint venture loss and (loss)/profit on disposal of fixed assets	(2.5)	0.8	2.4
Profit on ordinary activities before interest and taxation	20.5	25.7	39.1
Net interest receivable/(payable)	0.7	(52.1)	(72.7)
Taxation on profit/(loss) on ordinary activities	(9.7)	(3.0)	7.1
Profit/(loss) on ordinary activities after taxation	11.5	(29.4)	(26.5)
Minority interests	—	(3.1)	(2.9)
Profit/(loss) for the financial period	11.5	(32.5)	(29.4)
Dividends on equity shares	(2.2)	—	—
Appropriation	—	—	(90.0)
Retained profit/(loss) for the financial period	9.3	(32.5)	(119.4)

Note:

(1) Administrative expenses include exceptional expenses of £10.1 million, £11.2 million and £14.2 million for the Group's 2003, 2004 and 2005 financial years, respectively, and include amortisation of goodwill of £200,000, £8.2 million and £14.8 million for the same financial years, respectively.

Comparison of results of operations of the Group for its 2003, 2004 and 2005 financial years

Turnover

The Group's turnover was £378.8 million for its 2005 financial year, as compared to £240.8 million for its 2004 financial year and £221.9 million for its 2003 financial year. This represented a 57.3 per cent. increase in turnover from the Group's 2004 financial year to its 2005 financial year and an 8.5 per cent. increase in turnover from its 2003 financial year to its 2004 financial year. The increase in the Group's turnover from its 2003 to 2005

financial years resulted primarily from its acquisition of the ASK Group, the opening of new restaurants and like-for-like growth at its existing restaurants.

Cost of sales

The Group's cost of sales was £296.5 million for its 2005 financial year, as compared to £184.7 million for its 2004 financial year and £177.0 million for its 2003 financial year. This represented a 60.5 per cent. increase in cost of sales from the Group's 2004 financial year to its 2005 financial year and a 4.4 per cent. increase from its 2003 financial year to its 2004 financial year. Cost of sales was equal to 78.3 per cent. of the Group's turnover for its 2005 financial year, as compared to 76.7 per cent. for its 2004 financial year and 79.8 per cent. for its 2003 financial year. The increase in these costs as a percentage of turnover from 2004 to 2005 was primarily attributable to the consolidation of a full year of the results of operations of the ASK Group, which historically had slightly higher operating costs as a percentage of turnover than PizzaExpress, due to its scale, product mix and decentralised structure. The decrease in the ratio of cost of sales to turnover from 2003 to 2004 was primarily attributable to productivity savings resulting from increased turnover, decreased food wastage and the impact of other cost saving initiatives at PizzaExpress.

General restaurant operating costs, including food and related distribution costs, restaurant-level variable operating costs and non-rent fixed costs, were £146.8 million for the Group's 2005 financial year as compared to £88.0 million for its 2004 financial year and £88.6 million for its 2003 financial year. General operating costs were equal to 38.8 per cent. of the Group's turnover for its 2005 financial year, as compared to 36.5 per cent. for its 2004 financial year and 39.9 per cent. for its 2003 financial year.

Employee costs included within costs of sales were £115.2 million for the Group's 2005 financial year, as compared to £75.7 million for its 2004 financial year and £69.0 million for its 2003 financial year. These costs were equal to 30.4 per cent. of the Group's turnover for its 2005 financial year, as compared to 31.4 per cent. for its 2004 financial year and 31.1 per cent. for its 2003 financial year.

Rentals of short leasehold premises were £34.5 million for the Group's 2005 financial year, as compared to £21.0 million for its 2004 financial year and £19.4 million for its 2003 financial year. Rentals were equal to 9.1 per cent. of the Group's turnover for its 2005 financial year, as compared to 8.7 per cent. for both its 2004 financial year and its 2003 financial year.

Administrative expenses and operating exceptional costs

The Group's total administrative expenses were £45.6 million for its 2005 financial year, as compared to £31.2 million for its 2004 financial year and £21.9 million for its 2003 financial year. Before operating exceptional costs and amortisation of goodwill, administrative expenses were £16.6 million for the Group's 2005 financial year, £11.8 million for its 2004 financial year and £11.6 million for its 2003 financial year. Administrative expenses, before operating exceptional costs and amortisation of goodwill, were equal to 4.4 per cent. of the Group's turnover for its 2005 financial year, as compared to 4.9 per cent. for its 2004 financial year and 5.2 per cent. for its 2003 financial year.

Operating exceptional costs were £14.2 million for the Group's 2005 financial year, as compared to £11.2 million for its 2004 financial year and £10.1 million for its 2003 financial year. These costs related primarily to reorganisation of the Group's supply chain process and the acquisition of the ASK Group for the Group's 2005 financial year, costs arising from the acquisition of the ASK Group for the Group's 2004 financial year and costs arising from the acquisition of PizzaExpress for the Group's 2003 financial year.

Amortisation of goodwill was £14.8 million for the Group's 2005 financial year, £8.2 million for its 2004 financial year and £200,000 for its 2003 financial year. In the Group's 2005 financial year, a full year of amortisation was charged on the goodwill arising from both the PizzaExpress and the ASK Group acquisitions. The charge in the Group's 2004 financial year represented a full year of amortisation of the goodwill arising on the acquisition of PizzaExpress and 7.5 weeks of amortisation of the goodwill arising on the acquisition of the ASK Group. The charge in the Group's 2003 financial year represented the amortisation of goodwill arising on the acquisition of PizzaExpress between 18 and 29 June 2003.

Profit on ordinary activities before interest and taxation

For the reasons described above, the Group had profit on ordinary activities before interest and taxation of £39.1 million for its 2005 financial year, as compared with £25.7 million for its 2004 financial year and £20.5 million for its 2003 financial year.

Net interest receivable/(payable)

The Group's operating net interest payable was £72.7 million for its 2005 financial year and £52.1 million for its 2004 financial year, as compared to net interest receivable of £700,000 for its 2003 financial year. The shift toward net interest payable over the course of the three financial years under review was primarily attributable to financing entered into in connection with the acquisition of PizzaExpress and the ASK Group. The Group is restructuring its debt on Admission by repaying existing bank facilities and shareholder loans with funds from new debt facilities with more favourable interest rates. See the paragraphs entitled "Liquidity and capital resources of the Group" and "Capital resources" in this Part VII, and paragraph 18.3 of Part X — "Additional Information".

Taxation on profit on ordinary activities

The Group's taxation on profit on ordinary activities was a tax credit of £7.1 million for its 2005 financial year, as compared to tax charges of £3.0 million for its 2004 financial year and £9.7 million for its 2003 financial year. The taxation on profit on ordinary activities that would be expected based on the standard corporation tax rate of 30 per cent. in the United Kingdom is a tax credit of £10.1 million for the Group's 2005 financial year, a credit of £7.9 million for its 2004 financial year and a charge of £6.4 million for its 2003 financial year. Differences between effective taxation and taxation estimated by applying the standard rate arose due to non-deductible expenses in each financial year, as well as disclaimed capital allowances for the Group's 2005 financial year and unrecognised losses for its 2004 financial year. The Directors expect that the Group will have an effective tax rate which will not be substantially higher than the standard corporation tax rate, going forward, in the United Kingdom.

Appropriation

On 30 June 2004, the Group issued £90.0 million in unsecured loan notes to PandoraExpress LP as consideration for the acquisition of PizzaExpress. These loan notes were immediately assigned by PandoraExpress LP to TDR Capital Nominees Limited and Capricorn. The Directors consider the loan notes to represent the value transferred outside of the Group as a result of the acquisition. The loan notes remain outstanding as of 26 June 2005, but are to be repaid on Admission.

Retained profit/(loss) for the financial period

For the reasons described above, and primarily as a result of net interest payable and appropriation, the Group had total retained losses of £119.4 million for its 2005 financial year, as compared with £32.5 million for its 2004 financial year and total retained profit of £9.3 million for its 2003 financial year.

Operations comprising the Group following the Global Offer

The following table presents financial information for the Group, separating out the operations which will comprise the Group following the Global Offer and reflecting the impact of the Discontinued Operations, the acquisition of the ASK Group and the Non-Core Operations in each financial year under review, along with the corresponding historical financial information of the ASK Group, excluding the Non-core Operations, for the ASK Group's 2003 and 2004 financial years. This information is provided solely for illustrative purposes. For a further discussion of this information please see Note 4 to Section A of Part VIII — ''Accountants' Reports and Financial Information for the Group'' and Note 2 to Section C of Part VIII — ''Accountants' Reports and Financial Information for the Group''.

	Group	Discontinued Operations[1]	Acquired Operations[2][3]	Operations not in Group following Global Offer[4]	Operations in Group following Global Offer[3]	ASK Group excluding operations not to be included in the Group following the Global Offer[3]
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
Period ended 29 June 2003						
Turnover	221.9	4.0	—	6.0	211.9	100.7
Cost of sales	(177.0)	(4.2)	—	(5.7)	(167.1)	(80.6)
Gross profit	44.9	(0.2)	—	0.3	44.8	20.1
Administrative expenses	(21.9)	(1.0)	—	(0.5)	(20.4)	(2.5)
Operating Profit	**23.0**	**(1.2)**	**—**	**(0.2)**	**24.4**	**17.6**
Add back: Exceptional administrative expenses	10.1	—	—	—	10.1	—
Operating profit, before exceptional administrative expenses	**33.1**	**(1.2)**	**—**	**(0.2)**	**34.5**	**17.6**
Add back: Amortisation and depreciation	11.4	0.5	—	0.3	10.6	4.6
EBITDA[5], before exceptional administrative expenses	**44.5**	**(0.7)**	**—**	**0.1**	**45.1**	**22.2**
Period ended 27 June 2004						
Turnover	240.8	—	18.4	5.9	216.5	117.5
Cost of sales	(184.7)	—	(14.4)	(5.2)	(165.1)	(95.0)
Gross profit	56.1	—	4.0	0.7	51.4	22.5
Administrative expenses	(31.2)	—	(0.8)	(0.2)	(30.2)	(8.9)
Operating profit	**24.9**	**—**	**3.2**	**0.5**	**21.2**	**13.6**
Add back: Exceptional administrative expenses	11.2	—	0.4	—	10.8	5.8
Operating profit, before exceptional administrative expenses	**36.1**	**—**	**3.6**	**0.5**	**32.0**	**19.4**
Add back: Amortisation and depreciation	19.5	—	0.8	—	18.7	5.6
EBITDA[5], before exceptional administrative expenses	**55.6**	**—**	**4.4**	**0.5**	**50.7**	**25.0**
Period ended 26 June 2005						
Turnover	378.8	—	—	7.5	371.3	—
Cost of sales	(296.5)	—	—	(7.9)	(288.6)	—
Gross profit	82.3	—	—	(0.4)	82.7	—
Administrative expenses	(45.6)	—	—	(0.4)	(45.2)	—
Operating profit	**36.7**	**—**	**—**	**(0.8)**	**37.5**	**—**
Add back: Exceptional administrative expenses	14.2	—	—	—	14.2	—
Operating profit, before exceptional administrative expenses	**50.9**	**—**	**—**	**(0.8)**	**51.7**	**—**
Add back: Amortisation and depreciation	32.9	—	—	—	32.9	—
EBITDA[5], before exceptional administrative expenses	**83.8**	**—**	**—**	**(0.8)**	**84.6**	**—**

Notes:

(1) Impact of operations discontinued in this financial year, which do not form part of operations in the following financial year.

(2) Impact of 7.5 weeks of the ASK Group's operations following its acquisition by the Group on 6 May 2004.

(3) Amounts reflected under Acquired Operations have been excluded from "Operations in Group following Global Offer in the period ended 27 June 2004" because they are included in "ASK Group excluding operations not to be included in the Gondola Group following the Global Offer".

(4) Impact of Non-core Operations (excluding Discontinued Operations) that will be retained by Gondola shareholders prior to the Global Offer and will no longer form part of the operations of Gondola following Admission.

(5) Information regarding earnings before interest, tax, depreciation and amortisation (EBITDA) is sometimes used by investors to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. There are no generally accepted accounting principles governing the calculation of EBITDA and, as a non-GAAP measure, the criteria upon which EBITDA is based can vary from company to company. EBITDA, by itself, does not provide a sufficient basis to compare the Group's performance with that of other companies and should not be considered in isolation or as a substitute for Group operating profit as an indicator of operating performance, or as an alternative to cash flow from operations as a measure of liquidity.

Turnover

The operations that will comprise the Group following the Global Offer had increased turnover from the Group's 2003 to 2005 financial years primarily as a result of the acquisition of the ASK Group, the opening of new restaurants and like-for-like growth at existing restaurants. The Directors believe that the increase in turnover from the Group's 2004 to the 2005 financial year was also attributable to various Group initiatives, including a continuing focus on restaurant basics leading to like-for-like growth in sales from restaurants of 7.0 per cent between those years. Generally, the Directors believe that in these financial years these initiatives helped to increase the number of customer meals sold and spend per head at its locations. Increases in the ASK Group's turnover in its 2004 and 2003 financial years were primarily due to the opening of 28 new restaurants during its 2004 financial year and 18 new restaurants during its 2003 financial year.

Turnover for the operations that will comprise the Group following the Global Offer included, to a small extent, sales of ingredients to wholesale licensees through arrangements that have recently been outsourced to suppliers. As licensees will now purchase a significant portion of ingredients and supplies directly from suppliers, rather than the Group purchasing from suppliers and re-selling to these licensees, these sales will not be reflected in turnover going forward. Nonetheless, income related to this activity will continue to be reflected in the Group's profit on ordinary activities. If this arrangement had been in place during the Group's 2005 financial year, the Group's wholesale turnover would have been reduced, but its profitability would have been unaffected.

Cost of sales

The cost of sales of the operations that will comprise the Group following the Global Offer increased as a percentage of turnover from the Group's 2004 financial year to its 2005 financial year, primarily due to the consolidation of a full year of the results of operations of the ASK Group, which historically operated with slightly higher cost of sales as a percentage of turnover. The cost of sales of the operations that will comprise the Group following the Global Offer decreased from the Group's 2004 financial year to its 2005 financial year, primarily due to productivity savings generated by increased sales, improvements in processes and cost saving initiatives at PizzaExpress. Increases in cost of sales from the ASK Group's 2003 financial year to its 2004 financial year were primarily attributable to its expansion, as well as increased minimum wages.

General restaurant operating costs of the operations that will comprise the Group following the Global Offer, including food and supply related costs, restaurant-level variable operating costs and non-rent fixed costs, increased as a percentage of turnover for the Group's 2005 financial year as compared to its 2004 financial year, primarily due to the consolidation of a full year of the results of operations of the ASK Group, and were offset by reduced costs arising from the renegotiation of supplier arrangements. General operating costs of the operations that will comprise the Group following the Global Offer decreased as a percentage of turnover for the Group's 2004 financial year as compared to its 2003 financial year, primarily due to the productivity savings described above.

Employee costs of the operations that will comprise the Group following the Global Offer decreased as a percentage of turnover for the Group's 2005 financial year as compared to its 2004 financial year, primarily due to the productivity savings described above. Employee costs increased as a percentage of turnover for the Group's 2004 financial year as compared to its 2003 financial year, primarily due to the employment of additional restaurant managers and increased minimum wages.

Rentals of short leasehold premises for the operations that will comprise the Group following the Global Offer increased slightly as a percentage of turnover for the Group's 2005 financial year, primarily due to rental increases resulting from lease reviews in 2004 and the leasing of previously-owned properties pursuant to sale and leaseback agreements entered into at the end of 2004.

Administrative expenses and operating exceptional costs

The operations that will comprise the Group following the Global Offer have had increasing administrative expenses from the Group's 2003 to 2005 financial years, primarily due to the effects of exceptional costs and amortisation of goodwill associated with the acquisition of PizzaExpress and the ASK Group and the restructuring of the Group's operations. The decrease in administrative expenses, excluding exceptional costs and amortisation of goodwill, as a percentage of turnover over the course of the three financial years was primarily attributable to leveraging of administrative expenses against increased turnover.

Operating exceptional costs for the operations that will comprise the Group following the Global Offer for the Group's 2005 financial year related primarily to £6.0 million in costs arising from reorganisation of the Group's supply chain process and £4.7 million in costs arising from the acquisition of the ASK Group. Operating exceptional costs for the operations that will comprise the Group following the Global Offer for the Group's 2004 financial year related primarily to £10.5 million in costs arising from the acquisition of the ASK Group. Operating exceptional costs for the operations that will comprise the Group following the Global Offer for the Group's 2003 financial year related primarily to costs arising from the acquisition of PizzaExpress. Operating exceptional costs of the ASK Group for its 2004 financial year related primarily to £3.8 million in costs arising from its acquisition by the Group and from £4.2 million in impairment of fixed assets arising from under-performing restaurants, some of which were subsequently sold.

Amortisation of goodwill for the operations that will comprise the Group following the Global Offer for the Group's 2005 financial year was related to the acquisitions of PizzaExpress and the ASK Group. In the Group's 2005 financial year, a full year of amortisation was charged on the goodwill arising from both the PizzaExpress and the ASK Group acquisitions. The charge in the Group's 2004 financial year represented a full year of amortisation of the goodwill arising on the acquisition of PizzaExpress and 7.5 weeks of amortisation of the goodwill arising on the acquisition of the ASK Group. The charge in the Group's 2003 financial year represented the amortisation of goodwill arising on the acquisition of PizzaExpress between 18 and 29 June 2003. Goodwill is amortised over a maximum period of 20 years.

Current trading and recent events

Trading at the Group's restaurants continues to enjoy growth. The Group's revenue from its restaurants in the 16-week period since the end of its 2005 financial year to 16 October 2005 increased by 6.3 per cent. versus the comparable period in the prior year. The Directors believe that the Group's performance has benefited from the strength of its three brands and management's focus on the restaurant basics. Like-for-like sales growth for the Group's restaurants for the 16 week period to 16 October 2005 was 3.2 per cent. versus the comparable period in the prior year. This has been combined with management's ongoing focus on profitability gains through supply chain initiatives.

Certain of the Group's central London restaurants experienced short-term trading disruptions in late July and August of 2005 following the bombings in London. Despite this short-term disruption, the Directors believe the Group's performance in the year to date demonstrates the resilience of its business. The scale and geographic diversity of the Group's estate, and the wide range of location types of its restaurants, supported overall performance, with trading outside of the affected London restaurants benefiting from strong sales growth in the same period. Since the beginning of September, trading across the estate has continued to show good growth with trading in central London restaurants improving. The Group's overall performance in terms of sales and profitability is in line with Directors' expectations.

The Group has opened two new restaurants, a Zizzi in Whitstable and Pizza on the Park in Knightsbridge, since the end of its 2005 financial year. Trading at both of these sites has outperformed expectations. The Group has six sites under construction, and these are expected to open by December 2005. The Group plans to open 20 to 25 new restaurants in its 2006 financial year, with over half of the new restaurants opening in the second half of the year. Taking these factors into account, the Directors are confident about the financial and trading prospects of the Group in its 2006 financial year.

Liquidity and capital resources of the Group

Historical cash flow

The Group's primary sources of liquidity are its cash flows from operating activities and its borrowings under existing credit facilities. As with the Group's operating results, the Group's acquisition of the ASK Group has significantly affected its cash flows, particularly its capital expenditure. The table below summarises the Group's cash flows for periods presented below:

	52 weeks ended		
	29 June 2003	27 June 2004	26 June 2005
		(£ in millions)	
Net cash inflow from operating activities	48.8	46.1	56.0
Net cash inflow/(outflow) from returns on investments and servicing of finance	0.7	(39.0)	(39.2)
Taxation (paid)/received	(10.2)	(4.7)	0.8
Net cash inflow/(outflow) from capital expenditure and financial investment	(26.8)	19.1	(16.0)
Net cash outflow from acquisitions and disposals	—	(465.0)	(3.5)
Equity dividends paid	(7.9)	—	—
Net cash inflow/(outflow) before use of liquid resources and financing	4.6	(443.5)	(1.9)
Management of liquid resources	—	(25.0)	22.0
Net cash inflow/(outflow) from financing	0.2	498.4	(48.8)
Increase/(decrease) in cash in the period	4.8	29.9	(28.7)
Cash at bank and in hand	23.2	83.2	28.1

Net cash inflow from operating activities

Net cash inflow from operating activities is defined as operating profit before depreciation and amortisation (adjusted for non-cash operating exceptional items) plus movement in stock, debtors and non-financial creditors. Net cash inflow from operating activities of the Group was £56.0 million for the Group's 2005 financial year, £46.1 million for its 2004 financial year and £48.8 million for its 2003 financial year. Key factors affecting net cash inflow from operating activities included increasing profits resulting from the acquisition of the ASK Group, like-for-like sales growth at existing restaurants and the timing of working capital payments to creditors in 2004 and the sale of inventory to distributors in 2005. Net cash flow from operating activities included payment of exceptional charges related to the acquisition of the ASK Group of £6.1 million during the Group's 2005 financial year and £100,000 during its 2004 financial year.

Returns on investments and servicing of finance

Cash flow derived from/used in investments and the servicing of finance primarily relates to interest accrued on investments in financial instruments and interest paid to service outstanding loans. Cash flow from investments and the servicing of finance of the Group comprised of cash outflows of £39.2 million for its 2005 financial year and £39.0 million for its 2004 financial year and cash inflow of £700,000 for its 2003 financial year. These movements related primarily to interest on the financing of the acquisition of PizzaExpress and the ASK Group.

Capital expenditure and financial investment

Capital expenditure and financial investment resulted in net cash outflow of £16.0 million for the Group's 2005 financial year, net cash inflow of £19.1 million for its 2004 financial year and net cash outflow of £26.8 million for its 2003 financial year.

Capital expenditure and financial investment consists of (i) amounts related to developing and opening new restaurants and (ii) amounts related to the ongoing refurbishment and improvement of the Group's underlying restaurant portfolio. These outflows were partially offset by £6.7 million for the Group's 2005 financial year and were fully offset by £28.6 million for the Group's 2004 financial year, primarily as a result of the sale and leaseback of freehold properties in those years.

The Group plans to finance capital expenditure related to the opening of new restaurants through its operating cash flows.

Acquisitions and disposals

The Group experienced cash outflow related to acquisitions and disposals of £3.5 million for its 2005 financial year and £465.0 million for its 2004 financial year. With regard to the Group's 2005 financial year, the outflow was attributable to outstanding fees relating to the acquisition of the ASK Group. With regard to the Group's 2004 financial year, £253.1 million of the outflow was attributable to the Group's acquisition of PizzaExpress and £224.3 million was attributable to its acquisition of the ASK Group, as partially offset by £12.9 million in cash acquired as part of the acquisition. A cash outflow of £500,000 arose from the disposal of PizzaExpress B.V. for the Group's financial year.

Management of liquid resources

The Group's management of liquid resources resulted in a cash inflow of £22.0 million for its 2005 financial year and cash outflow of £25.0 million for its 2004 financial year. These cash flows were due to movements in the amounts of cash on short term deposits with banks in those years.

Financing

Cash flow used in the Group's financing activities was £48.8 million for its 2005 financial year, while cash flow provided from these activities was £498.4 million for the Group's 2004 financial year and £200,000 for its 2003 financial year.

Cash flow used in financing activities for the Group's 2005 financial year related primarily to the receipt of loans totalling £312.1 million, the repayment of outstanding loans totalling £362.4 million and the redemption of loan notes totalling £4.4 million, as partially offset by cash inflows of £1.3 million from the issuance of share capital to employees pursuant to an employee participation plan and £1.0 million from the receipt of loans from employees in connection with the employee participation plan.

Cash flow provided by financing activities for the Group's 2004 financial year was primarily related to the receipt of loans totalling £528.1 million, the repayment of loans in the amount of £29.3 million and the issuance of £5.6 million in loan notes.

Cash flow used in financing activities for the Group's 2003 financial year related to the redemption of secured loan notes relating to PizzaExpress.

Capital resources

The Group's principal sources of liquidity are its operating cash flows, which are analysed above. The Group's ability to generate cash from its operations depends on its future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, legislative, regulatory and other factors, many of which are beyond its control, as well as the other factors discussed in Part II — ''Risk Factors''.

In addition to its operating cash flows, the Group utilises borrowings as necessary. The Group's borrowing requirements historically have not been seasonal. As at 26 June 2005, the Group's borrowings (including accrual interest and costs of raising capital) consisted primarily of:

- £343.6 million in senior bank loan facilities, in various tranches, accruing interest at rates equal to the London Interbank Offer Rate (LIBOR) plus 2.25 to 3.75 per cent.;
- £40.8 million in second lien bank loans accruing interest at an average rate equal to LIBOR plus 7.0 per cent.;
- £95.9 million in deep discounted bonds (the ASK DDBs and the PE2 DDBs) accruing interest at rates between 16.0 and 19.0 per cent.; and
- £104.4 million in unsecured loan notes accruing interest at a rate of 16.0 per cent.

The Group also has an ''on demand'' revolving facility of £20 million, which is unutilised. This facility is generally reviewed on an annual or ongoing basis.

The Group has entered into a term and revolving credit facilities agreement (the ''Facilities Agreement'') with certain lenders, including HSBC Bank plc and The Royal Bank of Scotland plc, in an aggregate amount of £400.0 million, comprising (i) a £370.0 million sterling term loan facility (the ''Term Facility''), and (ii) a £30.0 million multi-currency revolving loan facility (the ''Revolving Facility''). The Term Facility is to be used to refinance the existing facilities of the Group described above (and to pay certain costs and expenses incurred by the Group in connection therewith) and the Revolving Facility is to be used for the general corporate purposes of

the Group. The opening interest rate for both the Term Facility and the Revolving Facility is LIBOR (or EURIBOR for any loan under the Revolving Facility in Euro), plus a margin ranging from a maximum of 1.40 per cent. per annum (subject to downward adjustment) to a minimum of 0.5 per cent., based on the ratio of the Group's total net debt to EBITDA (from a ratio greater than 4:1 to a ratio equal to or less than 2:1). Repayment of the Term Facility is to be made in annual instalments beginning on the first anniversary of the signing date of the Facilities Agreement and continuing through the fifth anniversary of the signing date of the Facilities Agreement. Advances under the Revolving Facility are to be repaid on the last day of the interest period relating to the relevant advance, provided that on the fifth anniversary of the date of the Facilities Agreement the full amount outstanding and owed in relation to the Revolving Facility must be paid. The Facilities Agreement also calls for payment of a commitment fee, agency fee, arrangement and underwriting fee, certain undertakings, covenants and guarantees, and provides for certain events of default. For further information regarding the Facilities Agreement, see paragraph 18.3 of Part X — ''Additional Information''.

Use of proceeds of the Global Offer

The net proceeds of the issue of New Ordinary Shares will be used (a) as to £91,751,411 to repurchase, at par plus accrued interest, Gondola Group Loan Notes carrying interest at 16.0 per cent. held by Capricorn and TDR Capital and (b) as to £30,343,589 to redeem, at par, certain of the Company Loan Notes to be issued to M&G and Fidelity in connection with the reorganisation of their interest in the Group immediately prior to Admission as set out in paragraph 3.5 of Part X — ''Additional Information''.

Other sources and applications of funds in connection with the Reorganisation

Other significant sources and applications of funds by the Group prior to Admission include:

- £22.4 million, which has been applied by Fidelity and M&G in the subscription of an equity interest in ASK Restaurants Limited as described in paragraph 19.10 of Part X — ''Additional Information'';
- the repayment by the Group at par, plus accrued interest, of the ASK DDB's in an aggregate amount of £22.4 million. The ASK DDB's are held by TDR Capital and Capricorn and certain other investors; and
- payment of £7,778,528 for the redemption of Gondola Group Loan Notes, ASK DDBs and PE2 DDB's held by Hutton Collins Mezzanine Partners LP and The Governor and Company of the Bank of Scotland and the remainder of the Company Loan Notes not redeemed out of the proceeds of the Global Offer.

Trading working capital

The Directors believe that the trading working capital needs of companies operating in the restaurant industry are generally low. As a result, restaurants frequently may be able to operate using cash generated in the working capital cycle as:

- restaurant operations are conducted primarily on a cash (and cash equivalent) basis with a low level of accounts receivable;
- restaurants are subject to rapid product turnover, particularly with regard to fresh produce, which requires limited investment in inventories; and
- cash from sales is received before related expenses for food, supplies and payroll are paid.

For the purpose of this analysis, the term ''trading working capital'' means stock, plus debtors, less non-financing creditors. The Group had an excess of creditors over stock and debtors of £38.1 million for its 2005 financial year, compared with excesses of creditors over stock and debtors of £58.4 million for its 2004 financial year and £27.2 million for its 2003 financial year.

Summary of liabilities and commitments

The following table summarises the Group's contractual obligations, commercial commitments and principal payments scheduled as at 26 June 2005:

		Principal payments due by period		
	Total	Within one year	Within two to five years	After five years
		(£ in millions)		
Accruals and deferred income	21.6	21.6	—	—
Bank loans	384.4	384.4	—	—
Corporation tax	0.9	0.9	—	—
Deep discounted bonds	95.9	—	—	95.9
Secured loan notes	1.2	1.2	—	—
Unsecured loan notes	104.4	—	—	104.4
Other creditors	18.0	17.9	—	0.1
Other taxation and social security	13.8	13.8	—	—
Trade creditors	15.1	15.1	—	—
Total	655.3	454.9	—	200.4

The Group also has off-balance sheet liabilities as described immediately below.

Off-balance sheet liabilities — operating lease commitments

The Group has annual commitments under non-cancellable operating leases which expire as follows:

	Principal payments due by period		
	Within one year	Within two to five years	After five years
		(£ in millions)	
Land and buildings	0.1	1.4	32.9
Other	0.1	0.2	—
Total	0.2	1.6	32.9

Critical accounting policies

The discussion and analysis of the Group's financial condition and results of operations are based upon the Group's consolidated financial information, which has been prepared in accordance with accounting principles generally accepted in the United Kingdom. The preparation of this financial information requires the Group to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities.

The Group's critical accounting policies below are more fully described in Note 2 to the consolidated financial information of the Group, included elsewhere in this prospectus. Critical accounting policies are those that the Group believes are most important to portraying its financial condition and results of operations and which require the greatest amount of subjective or complex judgments by the Group's management. In preparing this financial information, the Group has made its best estimates and judgments of certain amounts included in the financial information, giving due consideration to materiality. Application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, the Group's actual results could differ from these estimates.

Turnover

Turnover represents net invoiced sales of food and beverages and royalties from franchisees and retail sales, excluding value added tax. Turnover is recognised when the goods have been provided. Royalties from franchisees and retail sales are recognised in turnover when due under the terms of the relevant franchise and retail sales agreements.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided at the following annual rates in order to write down to estimated residual values the cost of each asset over its estimated useful life on a straight-line basis:

Asset Type	Depreciation Rate
	(per cent.)
Plant	20
Fixtures	10
Motor vehicles	25
IT equipment	20-33

Short leasehold properties are depreciated over the length of the lease except where the anticipated renewal or extension of the lease is sufficiently certain so that a longer estimated useful life is appropriate. Current legislation and the terms of the lease contracts are such that all of the leases are readily extendible by an additional 14 years. The maximum depreciation period for short-term leasehold properties is 30 years.

The cost of freehold and long leasehold properties is depreciated over the lesser of 50 years or the outstanding term of the lease.

Assets under construction comprise tangible fixed assets acquired for restaurants under construction, including costs directly attributable to bringing the assets into use. Assets are transferred to long leaseholds, short leaseholds and plant, fixtures and motor vehicles when the restaurant opens. No depreciation is provided on assets under construction, as these assets have not been brought into working condition for intended use.

Sales of properties are recognised in the accounts if unconditional contracts are exchanged.

Impairment of fixed assets

The carrying values of fixed assets are reviewed for impairment in periods where 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 within the operating profit. A reversal of an impairment loss is recognised in the profit and loss account up to the extent that original loss was recognised.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, which are due to transactions or events which have occurred at that date and which will result in an obligation to pay more, or a right to pay less, tax in the future.

Resultant deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the deferred tax assets resulting from the underlying timing differences can be recovered.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Goodwill

Goodwill represents the difference between the fair value of the purchase consideration and the fair value of the separable net assets acquired. Prior to 23 December 1998, goodwill was eliminated against reserves. The profit or loss arising on the sale of a business acquired before 23 December 1998 includes the attributable goodwill. Goodwill on the acquisition of a business after that date is capitalised and amortised over its useful economic life. The useful economic life is a maximum of 20 years.

Goodwill is subject to an impairment review at the end of the first full year following an acquisition and at any other time when the directors believe that an impairment may have occurred. Changes in provision for impairment are taken to the profit and loss account.

Financial instruments

The Group does not hold or issue derivative financial instruments for trading purposes.

The group uses forward rate contracts to manage its currency risk.

Forward currency contracts entered into with respect to trading transactions are accounted for as hedges, with the instruments impact on profit not recognised until the underlying transaction is recognised in the profit and loss account.

The group uses interest rate swaps to manage its interest rate risk.

Interest differentials under interest swap agreements are recognised in the profit and loss account by adjustment of interest expense over the life of the agreement.

Employee share incentive schemes

The intrinsic value (the difference between the market price and exercise price at the date of grant) of shares issued through the employee share schemes is charged as an operating cost over the period of performance of the employee in respect of which rights to acquire the shares are granted. The effect of uncertainty as to whether any performance criteria will be met is dealt with by estimating the probability of the shares vesting.

Cost of own shares

The cost of own shares held as treasury shares are deducted from shareholders' funds within the profit and loss account reserve.

Any profit or loss on the disposal of own shares is treated as a movement in reserves rather than as a profit or loss item.

Quantitative and qualitative disclosure about market risk

The Group is exposed to market risks, including adverse changes in interest rates, currency exchange rates and commodity pricing; however such risks historically have not had a material impact on the Group's results of operations or financial condition.

Currency exchange rate risk

The results of operations and financial condition of the Group historically have not been significantly affected by changes in currency exchange rates.

Commodity price risk

The Group purchases certain ingredients used in its pizza and pasta, including flour, cheese and tomatoes, and has gas and electricity expenses, which are affected by commodity pricing and may be subject to significant price fluctuations as a result of seasonality, weather, demand and other factors that are outside the Group's control and are generally unpredictable. The Directors believe that the impact of commodity price risk is not significant as commodity pricing aberrations are often brief and the Group can respond to them by changing its menu pricing or product delivery strategies.

Capitalisation and indebtedness of the Group

The following tables show the capitalisation of the Group as at 26 June 2005[4][5] and the indebtedness of the Group as at 21 August 2005[3][4], except as otherwise indicated:

	£ in millions
	(unaudited)
Total current debt	
Guaranteed and secured[1][2]	376.7
	376.7
Total non-current debt (excluding current portion of long-term debt)	
Unguaranteed/unsecured	205.1
Shareholders' equity (as at 26 June 2005)	
Share capital	—
Share premium	1.3

Notes:

(1) £375.5 million of Senior Facilities guaranteed and secured by way of floating charges over all assets and undertakings of the ASK Group and certain of its subsidiaries as set out in Note 31 to Section A of Part VIII — "Accountants' Reports and Financial Information for the Group".

(2) £1.2 million of loan notes secured by £1.2 million of restricted cash included in cash equivalents and guaranteed by the Royal Bank of Scotland plc.

(3) The Group's debt is shown gross of unamortised issue costs.

(4) This information is unaudited.

(5) As at the date of this document, there has been no material change to the capitalisation of the Group since 26 June 2005. Please see paragraph 3 of Part X — "Additional Information" for details of further changes to the capitalisation of the Group which will take place pursuant to the Reorganisation, and "Use of proceeds of the Global Offer" in this Part VII.

The following table shows the net financial indebtedness of the Group as at 21 August 2005[1][2].

	£ in millions
	(unaudited)
Cash	(27.5)
Cash equivalents (short-term deposits and restricted cash)	(3.5)
	(31.0)
Liquidity	
Current bank debt	375.5
Other current financial debt	1.2
Current financial debt	376.7
Net current financial indebtedness	345.7
Bonds issued	205.1
Non-current financial indebtedness	205.1
Net financial indebtedness	550.8

Notes:

(1) The Group had no indirect indebtedness as at 21 August 2005.

(2) The Group's debt is shown gross of unamortised issue costs.

Capitalisation and indebtedness of the Company

The Company's capitalisation as at 14 October 2005 was £50,000, and its cash was £50,000.

PART VIII

ACCOUNTANTS' REPORTS AND FINANCIAL INFORMATION FOR THE GROUP

Section A: Accountants' Report and Financial Information for Gondola Group Limited in respect of the three financial years ended 29 June 2003, 27 June 2004 and 26 June 2005 prepared under UK GAAP

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3 November 2005

Dear Sirs

Gondola Group Limited

We report on the financial information set out on pages 69 to 109 of the prospectus dated 3 November 2005 of Gondola Holdings plc (the ''prospectus''). This financial information has been prepared for inclusion in the prospectus on the basis of the accounting policies set out in note 2. This report is required by item 20.1 of Annex I of the Prospectus Rules of the Financial Services Authority (the ''Prospectus Rules'') and is given for the purpose of complying with that item and for no other purpose.

Responsibilities

The Directors of Gondola Holdings plc are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with United Kingdom Generally Accepted Accounting Principles (''UK GAAP'').

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the prospectus, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work 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 information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information set out on pages 69 to 109 of the prospectus gives, for the purposes of the prospectus, a true and fair view of the state of affairs of Gondola Group Limited as at the dates stated and of its results, cash flows and recognised gains and losses for the periods then ended in accordance with the basis of preparation set out in note 1 and in accordance with UK GAAP as described in note 2.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f), we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with item 1.2 of Annex I and item 1.2 of Annex III of the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

Combined and consolidated profit and loss accounts for the 52 weeks ended

	Note	29 June 2003	27 June 2004	26 June 2005
		£m	*£m*	*£m*
Turnover (including share of joint venture)				
Continuing operations	4	217.9	222.4	378.8
Acquired operations	4	—	18.4	—
Total continuing operations	4	217.9	240.8	378.8
Discontinued operations	4	4.1	—	—
	3	222.0	240.8	378.8
Less: Share of turnover of joint venture — discontinued operations	4	(0.1)	—	—
Group turnover		221.9	240.8	378.8
Cost of sales	4	(177.0)	(184.7)	(296.5)
Gross profit	4	44.9	56.1	82.3
Administrative expenses (before exceptional costs)	4	(11.8)	(20.0)	(31.4)
Operating exceptional costs — continuing operations	5	(10.1)	(11.2)	(14.2)
Total administrative expenses	4	(21.9)	(31.2)	(45.6)
Operating profit — continuing operations	4	24.2	21.7	36.7
Operating profit — acquired operations	4	—	3.2	—
Total operating profit — continuing operations	4	24.2	24.9	36.7
Operating loss — discontinued operations	4	(1.2)	—	—
Group operating profit	4,5	23.0	24.9	36.7
Share of operating loss in joint venture — discontinued operations		(0.1)	—	—
Total operating profit: group and share of joint venture		22.9	24.9	36.7
(Loss)/profit on disposal of fixed assets — continuing operations	7	(2.4)	0.8	2.4
Profit on ordinary activities before interest and taxation		20.5	25.7	39.1
Net interest receivable/(payable)	8	0.7	(52.1)	(72.7)
Profit/(loss) on ordinary activities before taxation		21.2	(26.4)	(33.6)
Taxation on profit/(loss) on ordinary activities	9	(9.7)	(3.0)	7.1
Profit/(loss) on ordinary activities after taxation		11.5	(29.4)	(26.5)
Minority interests	24	—	(3.1)	(2.9)
Profit/(loss) for the financial period		11.5	(32.5)	(29.4)
Dividends on equity shares	10	(2.2)	—	—
Appropriation	23	—	—	(90.0)
Retained profit/(loss) for the financial period	23	9.3	(32.5)	(119.4)
Earnings/(loss) per share (pence)				
Basic and diluted	11	45.6	(159.3)	(133.1)
Supplementary earnings/(loss) per share (pence)				
Basic and diluted	11	22.8	(79.7)	(66.5)

Certain administrative costs, including the goodwill amortisation charge, and the interest and tax charges of the Group for the period prior to the PizzaExpress Acquisition on 18 June 2003, reflect the goodwill, capital structure, financing and other arrangements of PizzaExpress plc prior to the acquisition by TDR Capital and Capricorn. Accordingly these amounts, together with the respective earnings per share figures, may not be comparable between the financial periods shown above.

The financial information above may not be representative of future results; for example, the historical capital structure does not reflect the future capital structure. Future interest income and expense, certain operating costs, tax charges and dividends may be significantly different from those that resulted from being wholly owned by TDR Capital and Capricorn.

Combined and consolidated statements of total recognised gains and losses for the 52 weeks ended

	29 June 2003	27 June 2004	26 June 2005
	£m	*£m*	*£m*
Profit/(loss) for the financial period (2003 includes £0.1m loss from joint ventures)	11.5	(32.5)	(29.4)
Currency translation differences	0.2	0.2	—
Total recognised gains/(losses) for the period	11.7	(32.3)	(29.4)

Combined and consolidated balance sheets as at

	Note	29 June 2003	27 June 2004	26 June 2005
		£m	*£m*	*£m*
Fixed assets				
Intangible assets — Goodwill	12	141.3	288.2	273.4
Tangible assets	13	145.0	210.6	209.0
		286.3	498.8	482.4
Investments	14	—	—	—
Interest in joint venture — share of gross assets	14	—	—	—
		286.3	498.8	482.4
Current assets				
Stock	15	9.2	12.6	9.5
Debtors	16	9.4	15.4	21.7
Cash at bank and in hand	17	23.2	83.2	28.1
		41.8	111.2	59.3
Creditors: amounts falling due within one year	18	(300.2)	(388.6)	(454.9)
Net current liabilities		(258.4)	(277.4)	(395.6)
Total assets less current liabilities		27.9	221.4	86.8
Creditors: amounts falling due after more than one year	19	—	(214.1)	(200.4)
Provisions for liabilities and charges	20	(14.4)	(23.0)	(17.3)
Net assets/(liabilities)		13.5	(15.7)	(130.9)
Capital and reserves				
Called up share capital	22	—	—	—
Share premium account	23	—	—	1.3
Profit and loss account	23	0.5	(31.8)	(151.2)
Shareholders' funds/(deficit) (equity interests)		0.5	(31.8)	(149.9)
Minority interests	24	13.0	16.1	19.0
Total capital employed		13.5	(15.7)	(130.9)

Combined and consolidated cash flow statements for the 52 weeks ended

	Note	29 June 2003	27 June 2004	26 June 2005
		£m	*£m*	*£m*
Net cash inflow from operating activities	26(a)	48.8	46.1	56.0
Returns on investments and servicing of finance				
Interest received		0.8	0.7	1.4
Interest paid		(0.1)	(10.2)	(39.7)
Issue costs of debt finance		—	(29.5)	(0.9)
Net cash inflow/(outflow) from returns on investments and servicing of finance		0.7	(39.0)	(39.2)
Taxation (paid)/received		(10.2)	(4.7)	0.8
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(26.8)	(9.5)	(22.7)
Sale of tangible fixed assets		—	28.6	6.7
Net cash (outflow)/inflow from capital expenditure and financial investment		(26.8)	19.1	(16.0)
Acquisitions and disposals				
Acquisition of PizzaExpress	25	—	(253.1)	(0.4)
Acquisition of ASK	25	—	(224.3)	(3.1)
Cash acquired on acquisition of ASK	25	—	12.9	—
Cash disposed on disposal of PizzaExpress B.V.	25	—	(0.5)	—
Net cash outflow from acquisitions and disposals		—	(465.0)	(3.5)
Equity dividends paid		(7.9)	—	—
Net cash inflow/(outflow) before use of liquid resource and financing		4.6	(443.5)	(1.9)
Management of liquid resources				
(Increase)/decrease in short-term deposits with banks		—	(25.0)	22.0
Net cash (outflow)/inflow from management of liquid resources		—	(25.0)	22.0
Financing				
Loan to ultimate parent undertakings		—	(0.3)	—
Issue of share capital	23	—	—	1.3
Transfers (to)/from restricted bank accounts	17	2.1	(5.1)	4.4
Loans received		—	528.1	312.1
Issue of loans to employees to acquire shares in Gondola		—	—	(0.8)
Receipt of loans from employees in connection with the Partnership Plan scheme		—	—	1.0
Loans repaid		—	(29.3)	(362.4)
Sale of own shares by PizzaExpress		—	0.3	—
Issue of loan notes		—	5.6	—
Redemption of loan notes		(1.9)	(0.9)	(4.4)
Net cash inflow/(outflow) from financing		0.2	498.4	(48.8)
Increase/(decrease) in cash	26(b)	4.8	29.9	(28.7)

Combined and consolidated reconciliations of movements in group shareholders' funds as at

	29 June 2003	27 June 2004	26 June 2005
	£m	*£m*	*£m*
Profit/(loss) for the financial period	11.5	(32.5)	(29.4)
Dividends	(2.2)	—	—
Appropriation	—	—	(90.0)
Retained profit/(loss) for the financial period	9.3	(32.5)	(119.4)
New share capital subscribed	—	—	1.3
Currency translation differences	0.2	0.2	—
Net increase/(decrease) in shareholders' funds	9.5	(32.3)	(118.1)
Opening shareholders' funds/(deficit)	132.8	0.5	(31.8)
Eliminated on acquisition (note 25)	(141.8)	—	—
Closing shareholders' funds/(deficit)	0.5	(31.8)	(149.9)

NOTES TO THE FINANCIAL INFORMATION

1 Basis of preparation

Introduction

The principal activity of the Gondola Group Limited ("Gondola") and its subsidiaries (the "Group") is operating restaurants.

The principal companies within the Group during the period are disclosed in note 31.

The combined and consolidated financial information presented is in respect of the underlying business of PizzaExpress Limited ("PizzaExpress") which has been owned under various different corporate structures during the three 52 week periods ended 26 June 2005 together with the business of ASK Central Limited ("ASK") since the date of its acquisition by TDR Capital and Capricorn on 6 May 2004. For the purposes of this financial information, references to "TDR Capital" are to funds managed by TDR Capital LLP, and references to "Capricorn" shall include Capricorn Ventures International Limited and its subsidiaries CV1 Limited and CV2 Limited.

The Group has prepared its financial information for the financial period ending on the last Sunday in June of a given calendar year.

The financial information presented below is for the 52 weeks ended 26 June 2005 (the "financial year ended 26 June 2005"), 52 weeks ended 27 June 2004 (the "financial year ended 27 June 2004") and the 52 weeks ended 29 June 2003 (the "financial year ended 29 June 2003").

Development of the operations included in the Group

During the period 1 July 2002 to 18 June 2003, PizzaExpress Limited (formerly PizzaExpress plc) was listed on the London Stock Exchange. On 18 June 2003, TDR Capital and Capricorn acquired an indirect, controlling interest (being approximately 89.6 per cent. of the issued share capital) in PizzaExpress Limited in a public to private transaction for £253.5 million, through the bid vehicle, GondolaExpress PLC (the "PizzaExpress Acquisition"). The PizzaExpress Acquisition was funded through an equity investment, senior and mezzanine credit facilities and deep discounted bonds.

The holding company of GondolaExpress PLC at that date was PandoraExpress 1 Limited. The ultimate parent undertaking of PandoraExpress 1 Limited is PandoraExpress LP, a UK limited partnership, whose limited partners are TDR Capital and Capricorn.

In April 2004, PandoraExpress LP acquired an off-the-shelf company, Riposte Holdings Ltd, which in turn acquired an off-the-shelf company, Riposte Finance Ltd, which in turn acquired an off-the-shelf company, Riposte Limited.

On 6 May 2004, Riposte Limited acquired a controlling interest in ASK when the public offer for 100 per cent. of its issued capital was declared unconditional (the "ASK Acquisition"). The total value of the investment was £227.4 million. The ASK Acquisition was funded through a combination of senior and mezzanine debt and inter-company shareholder loans.

On 30 June 2004, as part of a group restructuring, PandoraExpress 1 Limited (including the underlying PizzaExpress business and the GondolaExpress PLC business with its senior and mezzanine debt and bond liabilities) was sold by PandoraExpress LP to Riposte Holdings Ltd in exchange for £90.0 million loan notes. £90.0 million represented the increase in value of the underlying PizzaExpress business from 18 June 2003 to 30 June 2004 (the "PandoraExpress 1 Reorganisation").

On 1 July 2004, as part of a group restructuring, ASK acquired the ordinary shares of PizzaExpress Limited from GondolaExpress PLC for consideration of £361.1 million paying cash consideration of £222.1 million. The balance of the consideration of £139.0 million was a creditor in the inter-company account.

On 9 June 2005, Riposte Holdings Ltd and Riposte Finance Ltd were renamed Altia Holdings Ltd and Altia Finance Ltd, respectively. On 23 September 2005 these companies were renamed Gondola Group Limited and Gondola Finance Limited, respectively.

The PizzaExpress Acquisition

The PizzaExpress Acquisition has been accounted for under the acquisition method. All assets and liabilities that existed at the date of the acquisition have been recorded at their fair values, reflecting their condition at that date.

Certain administration costs, including the goodwill amortisation charge, and the interest and tax charges of the Group for the period prior to the PizzaExpress Acquisition on 18 June 2003 reflect the goodwill, capital structure, financing and other arrangements of PizzaExpress plc prior to acquisition. These are significantly different to those that have existed since the PizzaExpress Acquisition. Accordingly these amounts, together with the respective earnings per share figures, may not be comparable between each of the financial periods.

The ASK Acquisition and the Reorganisations

With effect from 1 July 2004, ASK became the legal parent company of PizzaExpress. Under the specific requirements of the Companies Act and Financial Reporting Standard 6 'Acquisitions and Mergers', it would be necessary for the Group's consolidated accounts to follow the legal form of the purchase transaction. In that case, the pre-acquisition results for the Group would be those of ASK and its subsidiaries, rather than PizzaExpress; PizzaExpress would be brought in at its fair value from the date of its acquisition by ASK.

In the opinion of the Directors, this form of presentation would fail to give a true and fair view of the substance of the Group, its results and financial position. Due to the relative values of ASK and PizzaExpress and the management and operational structure of the combined business operations, the substance of the purchase and reorganisation is that PizzaExpress Limited was a part of the Group from 18 June 2003, and ASK was acquired on 6 May 2004. Accordingly, the Directors have departed from the requirements of the Companies Act and UK GAAP and have adopted reverse acquisition accounting as the basis of consolidation in order to give a true and fair view. The key features of this basis of consolidation are:

- The consolidated profit and loss account includes the results of PizzaExpress (as owned by PandoraExpress 1 Limited) for the 52 week period ended 27 June 2004 and of ASK from the date of the reverse acquisition on 6 May 2004.
- The consolidated profit and loss reserves of the Group are based on the pre-ASK Acquisition profit and loss reserves of PandoraExpress 1 Limited. (The PandoraExpress 1 Limited reserves are the post-PizzaExpress Acquisition reserves).
- ASK has been consolidated from the date of its reverse acquisition using the fair values of its assets and liabilities at that date.
- Goodwill arising on the reverse acquisition is the difference between the fair value of the consideration given by Gondola to acquire ASK and the aggregate of the fair values of the separable net assets of ASK.

In invoking the true and fair override the Directors note that reverse acquisition accounting as described above is endorsed by International Financial Reporting Standard 3 'Business Combinations' ("IFRS 3") and that the Urgent Issues Task Force of the UK's Accounting Standards Board considered the subject and concluded that there are instances where it is right and proper to invoke the override in such a way. The effects on the consolidated accounts of adopting reverse acquisition accounting, rather than following the legal form, are widespread and the fair values of the net assets of PizzaExpress were not quantified at the time. The fair values affected would include tangible fixed assets and goodwill. The following table indicates the principal effects on the composition of reserves as at 27 June 2004:

	Reverse acquisition accounting (as disclosed)	Normal acquisition accounting	Impact of reverse acquisition accounting
	£m	*£m*	*£m*
Share capital	—	—	—
Share premium account	—	—	—
Profit and loss account	(31.8)	2.1	(29.7)
	(31.8)	2.1	(29.7)

The PandoraExpress 1 Reorganisation resulted in the sale by PandoraExpress LP of PandoraExpress 1 Limited to Gondola in exchange for £90 million loan notes representing the increase in value of PizzaExpress from 18 June 2003 to 30 June 2004. On consolidation, the Directors consider the consideration represents the value that has been transferred outside the Group as a result of this transaction and it has been treated as an appropriation in the financial information.

In addition to the £29.7 million difference noted in the table above, had conventional acquisition accounting been applied to the PandoraExpress 1 Reorganisation, then the £90.0 million payment, which has been treated as an

appropriation in the combined and consolidated financial information, would have been treated as an uplift to the carrying value of the net assets and liabilities of PizzaExpress to their fair value with any remainder being allocated as additional goodwill. Hence, profit and loss reserves on 1 July 2004 under conventional acquisition accounting would have been an additional £90 million in excess of the actual reported position as at that date. In total, reported net assets are £119.7 million lower under the reverse acquisition method than they would have been under conventional acquisition accounting.

Consequently the combined and consolidated financial information of the Group represents the following:

For the 52 week period ended 29 June 2003

The combined and consolidated financial information for the 52 week period ended 29 June 2003 includes:

- the consolidated financial information of PizzaExpress Limited and its subsidiaries from 1 July 2002 to 18 June 2003 (the date of the PizzaExpress Acquisition); and
- the consolidated financial information of PandoraExpress 1 Limited and its subsidiaries from 18 June 2003 to 29 June 2003.

For the 52 week period ended 27 June 2004

The consolidated financial information for the 52 week period ended 27 June 2004 includes:

- the consolidated financial information of PandoraExpress 1 Limited and its subsidiaries from 30 June 2003 to 6 May 2004 (the date of the ASK Acquisition); and
- the consolidated financial information of Gondola and its subsidiaries including ASK Central Limited and PandoraExpress 1 Limited from 6 May 2004 to 27 June 2004.

For the 52 week period ended 26 June 2005

The consolidated financial information for the 52 week period ended 26 June 2005 includes the consolidated financial information of Gondola and its subsidiaries for that period.

2 Accounting policies

The financial information has been prepared on a going concern basis, under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom except as described in note 1 above with respect to the reverse acquisition. The most significant accounting policies are described below.

Combination and consolidation

The combined and consolidated balance sheets include all the assets and liabilities of the subsidiaries including those acquired during the period. The Group profit on ordinary activities after taxation includes only that proportion of the results arising since the effective date of control to the year end or, in the case of undertakings or interests disposed of, from the beginning of the period to the date of disposal.

All transactions between the Group's businesses have been eliminated in the preparation of the combined and consolidated financial information.

Turnover

Turnover represents net invoiced sales of food and beverages and royalties from franchisees and retail sales excluding value added tax. Turnover is recognised when the goods have been provided. Royalties from franchisees and retail sales are recognised in turnover when due under the terms of the relevant franchise and retail sales agreements.

Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided at the following annual rates in order to write down to estimated residual values the cost of each asset over its estimated useful life on a straight-line basis:

Plant	20 per cent. per annum
Fixtures	10 per cent. per annum
Motor vehicles	25 per cent. per annum
IT equipment	20-33 per cent. per annum

Short leasehold properties are depreciated over the length of the lease except where the anticipated renewal or extension of the lease is sufficiently certain so that a longer estimated useful life is appropriate. Current legislation and the terms of the lease contracts are such that all of the leases are readily extendible by an additional 14 years. The maximum depreciation period for short-term leasehold properties is 30 years.

The cost of freehold and long leasehold properties is depreciated over the lesser of 50 years or the outstanding term of the lease.

Assets under construction comprise tangible fixed assets acquired for restaurants under construction, including costs directly attributable to bringing the asset into use. Assets are transferred to freehold properties, long leaseholds, short leaseholds and plant and fixtures when the restaurant opens. No depreciation is provided on assets under construction, as these assets have not been brought into working condition for intended use.

Sales of properties are recognised in the accounts when unconditional contracts are exchanged.

Impairment of fixed assets

The carrying values of fixed assets are reviewed for impairment in periods where 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 within operating profit. A reversal of an impairment loss is recognised in the profit and loss account up to the extent that the original loss was recognised.

Pre-opening costs

Pre-opening costs are expensed as incurred.

Stocks

Raw materials and consumables are valued at the lower of cost and net realisable value. Cost is based on purchase cost on a first-in, first-out basis.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date which are due to transactions or events which have occurred at that date and which will result in an obligation to pay more, or a right to pay less, tax in the future.

Resultant deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the deferred tax assets resulting from the underlying timing differences can be recovered.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Goodwill

Goodwill represents the difference between the fair value of the purchase consideration and the fair value of the separable net assets acquired. Prior to 23 December 1998, goodwill was eliminated against reserves. The profit or

loss arising on the sale of a business acquired before 23 December 1998 includes the attributable goodwill. Goodwill on the acquisition of a business after that date is capitalised and amortised over its useful economic life. The useful economic life is a maximum of 20 years.

Goodwill is subject to an impairment review at the end of the first full year following an acquisition and at any other time when the directors believe that an impairment may have occurred. Changes in provision for impairment are taken to the profit and loss account.

Foreign currency transactions

Transactions denominated in foreign currencies are recorded at spot rate at the date of the transaction. Foreign currency assets and liabilities held at the balance sheet date are translated at the closing rate. The resulting exchange gain or loss is dealt with in the profit and loss account. The results of foreign subsidiaries are translated at the average rate. The balance sheets of foreign subsidiaries are translated at the closing rate. The resulting exchange differences are dealt with through reserves and are reported in the consolidated statement of total recognised gains and losses.

Operating leases

Rentals paid under operating leases are charged to income on a straight-line basis over the term of the lease.

Landlord contributions

Contributions received from landlords as an incentive to enter into a lease are treated as deferred income within creditors and are released to the profit and loss account.

Pension costs

Contributions to defined contribution pension schemes of subsidiary companies are charged to the profit and loss account in the period in which they become payable.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources includes short-term deposits given that they are readily convertible into known amounts of cash without curtailing or disrupting the business. Liquid resources comprise term deposits of less than one year (other than cash).

Debt finance

All borrowings are initially stated at the fair value of consideration received after deduction of issue costs. The issue costs and interest payable on borrowings are charged to the profit and loss account over the term of the borrowings, or over a shorter period where it is more likely than not that the lender will require earlier repayment or where the borrower intends or is required to redeem early.

Rebates receivable from suppliers

Volume related rebates receivable from suppliers are credited to the carrying value of the stock to which they relate. Where a rebate agreement with a supplier covers more than one year the rebates are recognised in the accounts in the period in which they are earned.

Financial instruments

The Group does not hold or issue derivative financial instruments for trading purposes.

The derivative instruments used by the group to manage its currency risk are forward rate contracts.

Forward currency contracts entered into with respect to trading transactions are accounted for as hedges, with the instruments impact on profit not recognised until the underlying transaction is recognised in the profit and loss account.

The derivative instruments used by the group to manage its interest rate risk are interest rate swaps.

Interest differentials under interest swap agreements are recognised in the profit and loss account by adjustment of interest expense over the life of the agreement.

Investments

Joint ventures are undertakings in which the group has a long-term participating interest and which are jointly controlled by the Group and one or more other parties. Interests in joint ventures are stated in the consolidated balance sheet at the Group's share of their aggregate assets and liabilities.

Investments, other than joint ventures, are held at cost less any provisions for impairment.

Employee share incentive schemes

The intrinsic value (the difference between the market price and exercise price at the date of grant) of shares issued through the employee share schemes is charged as an operating cost over the period of performance of the employee in respect of which rights to acquire the shares are granted. The effect of uncertainty as to whether any performance criteria will be met is dealt with by estimating the probability of the shares vesting.

Cost of own shares

The cost of own shares held as treasury shares is deducted from shareholders' funds within the profit and loss account reserve.

Any profit or loss on the disposal of own shares is treated as a movement in reserves rather than as a profit or loss item.

3 Segmental analysis

Geographical sector analysis

Turnover by destination and by origin from countries other than the United Kingdom and Republic of Ireland in all financial periods was not material.

Business sector analysis

The Group has operated in one business sector in all financial periods, being the sale of food and beverages.

4 Turnover and operating profit

Period ended 29 June 2003

	Operations to be included in the Group following the Global Offer	Operations not to be included in the Group following the Global Offer	Acquisitions	Total continuing operations	Discontinued operations	Total
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
Turnover	211.9	6.0	—	217.9	4.0	221.9
Cost of sales	(167.1)	(5.7)	—	(172.8)	(4.2)	(177.0)
Gross profit	44.8	0.3	—	45.1	(0.2)	44.9
Administrative expenses (before exceptional costs)	(10.3)	(0.5)	—	(10.8)	(1.0)	(11.8)
Operating exceptional costs	(10.1)	—	—	(10.1)	—	(10.1)
Operating profit	24.4	(0.2)	—	24.2	(1.2)	23.0

Period ended 27 June 2004

	Operations to be included in the Group following the Global Offer	Operations not to be included in the Group following the Global Offer	Acquisitions	Total continuing operations	Discontinued operations	Total
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
Turnover	216.5	5.9	18.4	240.8	—	240.8
Cost of sales	(165.1)	(5.2)	(14.4)	(184.7)	—	(184.7)
Gross profit	51.4	0.7	4.0	56.1	—	56.1
Administrative expenses (before exceptional costs)	(19.4)	(0.2)	(0.4)	(20.0)	—	(20.0)
Operating exceptional costs	(10.8)	—	(0.4)	(11.2)	—	(11.2)
Operating profit	21.2	0.5	3.2	24.9	—	24.9

The acquisitions in 2004 include £0.2 million of turnover and £nil profit relating to operations not to be included in the Group following the Global Offer.

Period ended 26 June 2005

	Operations to be included in the Group following the Global Offer	Operations not to be included in the Group following the Global Offer	Acquisitions	Total continuing operations	Discontinued operations	Total
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
Turnover	371.3	7.5	—	378.8	—	378.8
Cost of sales	(288.6)	(7.9)	—	(296.5)	—	(296.5)
Gross profit	82.7	(0.4)	—	82.3	—	82.3
Administrative expenses (before exceptional costs)	(31.0)	(0.4)	—	(31.4)	—	(31.4)
Operating exceptional costs	(14.2)	—	—	(14.2)	—	(14.2)
Operating profit	37.5	(0.8)	—	36.7	—	36.7

The discontinued operations related to the overseas operations of PizzaExpress, which were disposed of on 1 July 2003. These operations included subsidiaries in Spain and France and various overseas franchises.

The operations which will not be included in the Group following the Global Offer represent current trading restaurants and administrative operations of Café Pasta Limited, PandoraExpress 2A Limited (see note 25) and PizzaExpress (Franchises) Limited where it has been decided that the operation will be sold to another company owned by TDR Capital and Capricorn.

Turnover of operations to be included in the Group following the Global Offer in the period ended 29 June 2003 includes £5.2 million of turnover from the sale of wholesale ingredients and £1.6 million from royalties from the retail sale of PizzaExpress branded products.

Turnover of operations to be included in the Group following the Global Offer in the period ended 27 June 2004 includes £5.7 million of turnover from the sale of wholesale ingredients and £2.5 million from royalties from the retail sale of PizzaExpress branded products.

Turnover of operations to be included in the Group following the Global Offer in the period ended 26 June 2005 includes £9.4 million of turnover from the sale of wholesale ingredients and £2.0 million from royalties from the retail sale of PizzaExpress branded products.

5 Group operating profit

Group operating profit is stated after charging/(crediting) in the periods ended:

	29 June 2003	27 June 2004	26 June 2005
	£m	*£m*	*£m*
Shown within cost of sales:			
Staff costs (note 6)	69.0	75.7	115.2
Depreciation of owned tangible fixed assets:			
— Plant, fixtures and motor vehicles	5.0	4.8	6.8
— Short and long leasehold premises	5.2	5.3	8.3
— Freehold properties	0.1	0.1	—
Impairment	—	—	1.7
Loss on disposal of tangible fixed assets	—	—	0.3
Operating lease rentals			
— Hire of plant, machinery and motor vehicles	0.6	0.6	0.6
— Short leasehold premises	19.4	21.0	34.5
Rental income	(0.7)	(0.9)	(1.7)
Repairs and maintenance	4.4	4.5	6.3
Shown within administrative expenses:			
Staff costs (note 6)	6.4	5.8	8.8
Amortisation of goodwill	0.2	8.2	14.8
Depreciation of owned tangible fixed assets			
— Plant, fixtures and motor vehicles	0.7	0.9	1.1
— Short and long leasehold premises	0.2	0.2	0.2
Operating lease rentals			
— Short leasehold premises	0.6	0.6	0.7
Auditors' remuneration:			
— Statutory audit fees and expenses	0.1	0.1	0.2
— Tax compliance services	—	—	0.1
Shown within operating exceptional costs:			
Exceptional costs			
— Costs in relation to reorganisation of Group supply chain	—	—	6.0
— Accelerated depreciation of tangible fixed assets	—	—	2.0
— Relating to the acquisition of ASK	—	10.5	4.7
— Relating to the acquisition of PizzaExpress	9.7	—	—
— Restructuring of PizzaExpress head office	0.4	0.4	—
— Other operating exceptional costs	—	0.3	1.5
Total operating exceptional costs	10.1	11.2	14.2

Impairment

There was an impairment of £1.7 million of fixed assets in the period ended 26 June 2005, arising from three underperforming restaurants that the Group intends to dispose of. The Directors consider these assets to be fully impaired and to have no value to the Group.

Exceptional costs

During the period ended 26 June 2005, £6.0 million of the exceptional costs were incurred in relation to the reorganisation of the Group's supply chain process in respect of the distribution of food products to the restaurants which resulted in the closure of the warehousing business. As a result of the reorganisation of the Group's supply chain, a decision has been taken by the Group to relocate the PizzaExpress head office. Accelerated depreciation of £2.0 million has been recorded against tangible fixed assets at head office.

The costs in 2004 and 2005 relating to the acquisition of ASK are professional fees incurred in connection with researching the acquisition, and researching and negotiating the sources of finance for the acquisition, including a fee of £9.0 million from Capricorn.

The exceptional costs in 2003 of £9.7 million incurred in relation to the acquisition of PizzaExpress by GondolaExpress PLC include £9.1 million in relation to professional fees and redundancy costs and £0.6 million in relation to aborted restaurant openings.

In 2003 and 2004 the restructuring costs of PizzaExpress head office related primarily to redundancy costs.

Other operating exceptional costs includes costs of £0.3 million incurred in relation to national insurance costs which arose on the crystallisation of share options as a result of the ASK Acquisition in 2004 and in 2005 £0.6 million relating to an aborted bond issue, £0.3 million in establishing a management equity scheme and £0.6 million in relation to loyalty bonuses and research costs incurred as a result of the acquisition of ASK by Gondola.

Discontinued Operations

In the period ended 29 June 2003, the cost of sales of discontinued operations of £4.2 million included £0.5 million relating to depreciation of tangible fixed assets, £0.7 million relating to operating rentals of land and buildings and £0.5 million relating to employee costs as detailed in note 6.

Acquisitions (note 25)

In the period ended 27 June 2004, the cost of sales of acquired operations of £14.4 million included £0.8 million relating to depreciation of tangible fixed assets, £1.8 million relating to operating rentals of land and buildings, £0.2 million relating to ongoing repairs and maintenance and £5.4 million relating to employee costs as detailed in note 6. The administrative costs of £0.8 million included £0.3 million relating to employee costs as detailed in note 6.

Operations which will not be included in the Group following the Global Offer

In the period ended 29 June 2003, the cost of sales of operations not included in the Group following the Global Offer of £5.7 million included £0.3 million relating to depreciation of tangible fixed assets, £0.7 million relating to operating rentals of land and buildings, £0.1 million relating to ongoing repairs and maintenance and £2.0 million relating to employee costs as detailed in note 6. The administrative costs of £0.5 million included £0.1 million relating to employee costs as detailed in note 6.

In the period ended 27 June 2004, the cost of sales of operations not included in the Group following the Global Offer of £5.2 million included £0.8 million relating to operating rentals of land and buildings, £0.2 million relating to ongoing repairs and maintenance and £2.0 million relating to employee costs. The administrative costs of £0.2 million included £0.1 million relating to employee costs as detailed in note 6.

In the period ended 26 June 2005, the cost of sales of operations not included in the Group following the Global Offer of £7.9 million included £1.0 million relating to operating rentals of land and buildings, £0.1 million relating to ongoing repairs and maintenance and £2.6 million relating to employee costs. The administrative costs of £0.4 million included £0.2 million relating to employee costs as detailed in note 6.

Fees paid to the Group auditors

In addition to the fees disclosed above, the Group auditors received £0.5 million in the period ended 27 June 2004 in relation to the ASK Acquisition which are included within the exceptional costs above and £0.2 million in the period ended 26 June 2005.

The Group auditors also received £0.5 million in the period ended 27 June 2004 in relation to the issue costs of debt finance raised for the PizzaExpress Acquisition.

6 Employees and Directors

	29 June 2003	27 June 2004	26 June 2005
	£m	*£m*	*£m*
a) Employee costs:			
Wages and salaries	67.1	72.7	115.4
Social security costs	8.2	8.7	8.2
Other pension costs	0.1	0.1	0.4
	75.4	81.5	124.0
Attributable to:			
Operations to be included in the Group following the Global Offer	72.8	73.7	121.2
Operations not included in the Group following the Global Offer	2.1	2.1	2.8
Acquired operations	—	5.7	—
Discontinued operations	0.5	—	—
	75.4	81.5	124.0
Disclosed within:			
Cost of sales	69.0	75.7	115.2
Administrative expenses	6.4	5.8	8.8
	75.4	81.5	124.0
b) Employee numbers			
The average number of persons employed by the Group during the period was:	**Number**	**Number**	**Number**
Restaurants and distribution	7,418	7,705	10,560
Administration	168	134	181
	7,586	7,839	10,741
c) Directors' remuneration	**£m**	**£m**	**£m**
Aggregate emoluments	1.7	0.3	0.6
Aggregate amounts received under Long Term Incentive Plan ("LTIP")	0.2	—	—
Compensation for loss of office	0.5	—	—
	2.4	0.3	0.6
Highest paid director			
Total amount of emoluments and amounts received under LTIP	0.4	0.2	0.3

The directors' emoluments for the period ended 29 June 2003 are those for the directors of PizzaExpress Limited for that year. For the period ended 27 June 2004 the directors' emoluments reflect earnings of the directors of PizzaExpress for the period from 30 June 2003 until 6 May 2004 and the directors of Gondola and the directors of PizzaExpress and ASK who will be directors of Gondola for the period from 6 May 2004 until 27 June 2004.

For the period ended 26 June 2005 the disclosure relates to the directors of Gondola and the directors of PizzaExpress and ASK who will be directors of Gondola.

In respect of the period ended 27 June 2004 and 26 June 2005 Messrs. Manjit Dale, Robert 't Hooft, Charles Luyckx and Stephen Robertson received no remuneration from the Group in respect of their roles as directors or

in respect of any services to the Group. The individual remuneration of the PizzaExpress and ASK directors who will be directors of Gondola is disclosed below.

No director waived any emoluments in 2005, 2004 or 2003.

The Group does not operate a defined benefit pension scheme. Directors are responsible for their own pension arrangements and any contributions by the Group are made directly into these individual personal pension plans.

Individual directors' emoluments

Period ended 29 June 2003

None of the current directors of Gondola were directors of the Group in 2003.

Period ended 27 June 2004

Director	Salary and fees	Benefits in kind	Annual bonus	Pension contribution	Total
	£	£	£	£	£
Harvey Smyth	102,885	—	92,308	—	195,193
Jo Fleet (for the period from 6 May 2004 — the date of the ASK Acquisition)	19,039	—	—	3,462	22,501

Period ended 26 June 2005

Director	Salary and fees	Benefits in kind	Annual bonus	Pension contribution	Total
	£	£	£	£	£
Harvey Smyth	150,000	649	195,577	—	346,226
Jo Fleet	134,500	614	60,000	24,240	219,354
Julian Seaward	5,600	—	—	—	5,600

Bonuses comprise annual cash bonuses and benefits in kind comprise private medical insurance.

Interest in shares

The interest of the directors in the shares of the Company and other companies within the Group were:

Period ended 29 June 2003 and 27 June 2004

No director had an interest in any Group company.

Period ended 26 June 2005

Gondola — ordinary C shares of 0.005p	As at 26 June 2005
Harvey Smyth	1,019,049
Jo Fleet	102,610
Julian Seaward	369,490

All directors' interests are beneficially held. There has been no change in the interests set out above post period end. For details of restrictions applicable to the shares, see note 22.

Manjit Dale and Julian Seaward may be deemed to be interested in 100 A ordinary shares in the Company, as a result of their affiliation with TDR Capital, and in a proportion of 10,000 C ordinary shares in the Company, through TDR's interest in PandoraExpress LP.

Robert 't Hooft may be deemed to be interested in 100 B ordinary shares in the Company, as a result of his affiliation with Capricorn and its related funds, and in a proportion of 10,000 C shares in the Company, through Capricorn's interest in PandoraExpress LP.

7 Non-operating exceptional items

The following items were treated as non-operating exceptional items by the Group in the periods ended:

	29 June 2003	27 June 2004	26 June 2005
	£m	£m	£m
(Loss)/profit on disposal of fixed assets	(2.4)	0.8	2.4

In the period ended 29 June 2003, PizzaExpress provided against six closed restaurants resulting in a provision of £1.8 million, which has subsequently been utilised. Other costs included within assets under construction relating to potential sites no longer being pursued were also provided.

During the period ended 27 June 2004 and 26 June 2005, the Group disposed of some tangible fixed assets previously fully provided against for proceeds of £0.8 million and £0.7 million respectively. During the period ended 26 June 2005 the Group also acquired and disposed of three freehold properties for a net profit of £1.6 million under a sale and leaseback arrangement. Profit on disposal of other assets in the period ended 26 June 2005 was £0.1 million.

There was no material tax effect of the above items.

8 Net interest (receivable)/payable

	Note	29 June 2003	27 June 2004	26 June 2005
		£m	*£m*	*£m*
Interest payable on bank loans and overdrafts				
Loan notes — Secured	18	0.1	0.1	0.2
Bank loans — Senior Facilities	18	—	10.5	23.6
Bank loans — Mezzanine Facility	18	—	6.6	9.1
Bank loans — Second Lien	18	—	—	1.9
Deep Discounted Bonds	18,19	—	15.4	14.1
Unsecured Loan Notes — 16 per cent.	19	—	—	14.4
Amortisation of issue costs of bank loan	18	—	17.8	10.3
Other interest payable		—	2.4	0.5
Group interest and similar charges payable		0.1	52.8	74.1
Group interest receivable		(0.8)	(0.7)	(1.4)
Net interest (receivable)/payable and similar charges		(0.7)	52.1	72.7

Interest on the deep discounted bonds and the unsecured loan notes rolls up into the principal balance and is not due until the maturity or repayment of the respective loan.

9 Taxation

	29 June 2003	27 June 2004	26 June 2005
	£m	*£m*	*£m*
United Kingdom			
Corporation taxation at 30 per cent. (2004 and 2003: 30 per cent.)	7.5	0.7	(2.5)
Under provision in respect of prior years	0.1	0.2	0.9
	7.6	0.9	(1.6)
Overseas taxation			
Corporation taxes	0.1	0.2	0.2
Total current tax	7.7	1.1	(1.4)
Deferred tax — UK			
Origination and reversal of timing differences	2.0	1.9	(5.3)
Over-provision in respect of prior years	—	—	(0.4)
Total deferred tax (note 20)	2.0	1.9	(5.7)
Tax on profit/(loss) on ordinary activities	9.7	3.0	(7.1)

The tax for the period is higher (2004: higher, 2003: higher) than the standard rate of corporation tax in the UK of 30 per cent. (2004: 30 per cent., 2003: 30 per cent.). The differences are explained below:

	29 June 2003	27 June 2004	26 June 2005
	£m	*£m*	*£m*
Profit/(loss) on ordinary activities before tax	21.2	(26.4)	(33.6)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30 per cent.	6.4	(7.9)	(10.1)
Effects of:			
Adjustments to tax in respect of prior period	0.1	0.2	0.9
Expenses not deductible for tax purposes	3.2	3.7	4.3
Effect of overseas tax at lower rate	—	—	(0.2)
Effect of losses not recognised	—	7.0	(1.6)
(Accelerated capital allowances)/depreciation in excess of capital allowances resulting from disclaimed capital allowances	(2.0)	(1.9)	5.3
	7.7	1.1	(1.4)

In the opinion of the directors, there are no other facts that would substantially affect the Group's tax charge.

10 Dividends

	29 June 2003	27 June 2004	26 June 2005
	£m	*£m*	*£m*
Ordinary — interim paid 3.0p per share	2.2	—	—
	2.2	—	—

The dividend relates to the PizzaExpress plc interim dividend to the shareholders at that time, payable in the period prior to 18 June 2003.

11 Earnings per share

The calculation of the basic and diluted earnings/(loss) per ordinary share has been based on the profit/(loss) for the relevant 52 week period and on 22,095,492 shares for the 52 week period ended 26 June 2005, 20,400,000 shares for the 52 weeks ended 27 June 2004 and 20,400,000 shares for the period ended 29 June 2003, being the weighted average share capital of Gondola after taking into account the restructuring of the existing share capital on 2 November 2005 (see note 32). The weighted average share capital reflects the issue of new share capital to employees on 28 February 2005.

There are no potential dilutive shares and hence, diluted earnings per share is equivalent to basic earnings per share.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below:

52 week period ended 29 June 2003

	Earnings	Weighted average number of shares	Per share amount
	£m	*millions*	*pence*
Profit attributable to shareholders	9.3		
Weighted average number of shares		20.4	
Basic and diluted EPS			45.6

52 week period ended 27 June 2004

	Earnings	Weighted average number of shares	Per share amount
	£m	*millions*	*pence*
Loss attributable to shareholders	(32.5)		
Weighted average number of shares		20.4	
Basic and diluted EPS			(159.3)

52 week period ended 26 June 2005

	Earnings	Weighted average number of shares	Per share amount
	£m	*millions*	*pence*
Loss attributable to shareholders	(29.4)		
Weighted average number of shares		22.1	
Basic and diluted EPS			(133.1)

Supplementary earnings/(loss) per share

The calculation of the basic and diluted supplementary earnings/(loss) per ordinary share has been based on the profit/(loss) for the relevant 52-week period and on 44,190,983 shares for the 52-week period ended 26 June 2005, 40,800,000 shares for the 52-week period ended 27 June 2004, and 40,800,000 shares for the 52-week period ended 29 June 2003, being the weighted average share capital of Gondola Holdings plc prior to the Global Offer after taking account of the restructuring of the existing share capital of Gondola on Admission. The weighted average share capital reflects the issue of new share capital to employees on 28 February 2005.

52 week period ended 29 June 2003

	Earnings	Weighted average number of shares	Per share amount
	£m	*millions*	*pence*
Profit attributable to shareholders	9.3		
Weighted average number of shares		40.8	
Basic and diluted EPS			22.8

52 week period ended 27 June 2004

	Earnings	Weighted average number of shares	Per share amount
	£m	*millions*	*pence*
Loss attributable to shareholders	(32.5)		
Weighted average number of shares		40.8	
Basic and diluted EPS			(79.7)

52 week period ended 26 June 2005

	Earnings	Weighted average number of shares	Per share amount
	£m	*millions*	*pence*
Loss attributable to shareholders	(29.4)		
Weighted average number of shares		44.2	
Basic and diluted EPS			(66.5)

12 Intangible assets — Goodwill

	29 June 2003	27 June 2004	26 June 2005
	£m	*£m*	*£m*
Cost:			
Opening balance	0.4	141.5	296.6
Eliminated on acquisition (note 25)	(0.4)	—	—
Addition on acquisition (note 25)	141.5	155.1	—
Closing balance	141.5	296.6	296.6
Amortisation:			
Opening balance	—	0.2	8.4
Charge for the period	0.2	8.2	14.8
Closing balance	0.2	8.4	23.2
Net book value:			
Opening balance	0.4	141.3	288.2
Closing balance	141.3	288.2	273.4

Goodwill relating to both the PizzaExpress Acquisition and the ASK Acquisition is being amortised over 20 years. The directors believe that this is appropriate based on a review of the expected future cash flows of the Group, that the PizzaExpress and ASK businesses are long-standing operations and that the Group has growth opportunities in the future.

13 Fixed assets

	Assets under construction	Freehold properties	Long leaseholds	Short leaseholds	Plant, fixtures and motor vehicles	Total
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
Cost						
At 30 June 2002	7.0	4.2	3.5	128.7	36.5	179.9
Additions for the period prior to the PizzaExpress Acquisition	1.1	0.8	—	18.2	6.7	26.8
Transfers for the period prior to the PizzaExpress Acquisition	(6.6)	—	0.2	3.7	2.7	—
Disposals for the period prior to the PizzaExpress Acquisition	(0.6)	—	—	(0.8)	(1.5)	(2.9)
Exchange movements	—	—	—	0.4	0.2	0.6
Eliminated on acquisition	(0.9)	(5.0)	(3.7)	(150.2)	(44.6)	(204.4)
Fair value on acquisition (note 25)	0.9	8.3	2.6	112.5	21.1	145.4
At 29 June 2003	0.9	8.3	2.6	112.5	21.1	145.4
Additions	8.8	—	—	1.2	1.5	11.5
Acquisition of ASK at fair value	0.3	12.4	8.9	59.5	14.1	95.2
Transfers	(7.5)	—	0.1	5.5	1.9	—
Disposals	—	(18.2)	(10.1)	(0.6)	(0.9)	(29.8)
At 27 June 2004	2.5	2.5	1.5	178.1	37.7	222.3
Additions	5.5	3.0	0.1	9.4	5.8	23.8
Transfers	(5.4)	—	(1.5)	5.7	1.2	—
Disposals	—	(4.3)	(0.1)	—	(0.9)	(5.3)
At 26 June 2005	2.6	1.2	—	193.2	43.8	240.8

	Assets under construction	Freehold properties	Long leaseholds	Short leaseholds	Plant, fixtures and motor vehicles	Total
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
Accumulated depreciation						
At 30 June 2002	—	0.1	0.4	15.5	16.9	32.9
Charge for the period prior to the PizzaExpress Acquisition	—	0.1	0.1	5.1	5.5	10.8
Disposals for the period prior to the PizzaExpress Acquisition	—	—	—	(0.3)	(1.3)	(1.6)
Exchange movements	—	—	—	0.1	0.1	0.2
Eliminated on the PizzaExpress Acquisition	—	(0.2)	(0.5)	(20.4)	(21.2)	(42.3)
Charge for the period since the acquisition of PizzaExpress	—	—	—	0.2	0.2	0.4
At 29 June 2003	—	—	—	0.2	0.2	0.4
Charge for the period	—	0.1	0.1	5.4	5.7	11.3
At 27 June 2004	—	0.1	0.1	5.6	5.9	11.7
Charge for the period	—	—	0.1	8.4	7.9	16.4
Transfers	—	—	(0.2)	0.2	—	—
Impairment	—	—	—	1.7	—	1.7
Accelerated depreciation	—	—	—	1.9	0.1	2.0
At 26 June 2005	—	0.1	—	17.8	13.9	31.8
Net book value						
At 26 June 2005	2.6	1.1	—	175.4	29.9	209.0
At 27 June 2004	2.5	2.4	1.4	172.5	31.8	210.6
At 29 June 2003	0.9	8.3	2.6	112.3	20.9	145.0
At 30 June 2002	7.0	4.1	3.1	113.2	19.6	147.0

No accumulated depreciation arose on disposals arising in the periods ended 26 June 2005 and 27 June 2004 as all material assets disposed were freehold and long leaseholds which attract minimal annual depreciation charge. In the period ended 27 June 2004, the disposals mainly relate to sale and leasebacks of fixed assets that were only consolidated into the Group from 6 May 2004 on the acquisition of ASK.

Capital expenditure contracted but not provided as at 26 June 2005 was £2.1m, relating to four new restaurants. At 27 June 2004, the amount was £3m, relating to seven new restaurants opened in the period ended 26 June 2005. As at 29 June 2003, the amount was 0.5m relating to one new restaurant opened in the period ended 27 June 2004.

14 Investments and interests in joint venture

	Other participating interests
	£m
Cost and Net Book Value	
At 1 July 2002	0.5
Elimination on the PizzaExpress Acquisition	(0.5)
At 29 June 2003	—
At 27 June 2004	—
At 26 June 2005	—

Joint venture

At 29 June 2003 the Group held a 50 per cent. interest in a joint venture, Mod Apparels PVTT Limited, a company operating restaurants and incorporated in India. The interest in the joint venture was disposed of to

PandoraExpress S.à r.l. on 1 July 2003. The joint venture was impaired in the period to 29 June 2003 from £0.4 million to £nil.

15 Stock

	29 June 2003	27 June 2004	26 June 2005
	£m	*£m*	*£m*
Raw materials and consumables	9.2	12.6	9.5

There is no material difference between the replacement cost and book value of stock.

16 Debtors

	29 June 2003	27 June 2004	26 June 2005
	£m	*£m*	*£m*
Trade debtors	2.3	3.8	9.1
Amounts due from ultimate parent undertaking	—	0.3	0.3
Other debtors	1.1	1.4	1.1
Prepayments and accrued income	6.0	9.9	11.2
	9.4	15.4	21.7

17 Cash at bank and in hand

	29 June 2003	27 June 2004	26 June 2005
	£m	*£m*	*£m*
Cash	22.7	52.6	23.9
Restricted cash	0.5	5.6	1.2
Short-term deposits with bank	—	25.0	3.0
	23.2	83.2	28.1

The cash at bank and in hand includes amounts held on deposit as security for secured loan notes as follows:

2003: £0.5 million on deposit with The Bank of Scotland plc as security for PizzaExpress secured loan notes (see note 18).

2004: £5.6 million on deposit with The Royal Bank of Scotland plc as security for Riposte Limited secured loan notes (see note 18).

2005: £1.2 million on deposit with The Royal Bank of Scotland plc as security for Riposte Limited secured loan notes (see note 18).

18 Creditors: amounts falling due within one year

	29 June 2003	27 June 2004	26 June 2005
	£m	*£m*	*£m*
Loan notes — Secured	0.9	5.6	1.2
Bank loans — Senior Facilities	—	146.9	343.6
Bank loans — Mezzanine Facility	—	103.3	—
Bank loans — Second Lien	—	—	40.8
Deep Discounted Bonds	—	46.4	—
Trade creditors	7.8	28.6	15.1
Other creditors	10.6	6.0	17.9
Corporation tax	3.4	1.6	0.9
Other taxation and social security	9.2	16.1	13.8
Accruals and deferred income	14.8	34.1	21.6
Creditor in respect of PizzaExpress Acquisition	253.5	—	—
	300.2	388.6	454.9

Secured Loan Notes

2003

The secured loan notes as at 29 June 2003 relate to outstanding loan notes due to the vendors of former PizzaExpress franchise outlets, which had been issued as part consideration for the purchase of those businesses during financial year 1995/6.

The loan notes were guaranteed by the Bank of Scotland plc and secured by £0.5 million on deposit which is included in cash at bank and in hand in the balance sheet as at 29 June 2003. The loan note interest rate was based on the relevant Bank of Scotland plc deposit rate at the beginning of each interest period less 0.75 per cent. The loan notes were redeemable at three-monthly intervals.

The PizzaExpress secured loan notes were redeemed during the financial year ended 27 June 2004.

2004 and 2005

On the acquisition of ASK, Riposte Limited issued £5.6 million of £1 par value secured loan notes as part of the consideration paid to shareholders on the ASK Acquisition.

The payment of principal on the loan notes is guaranteed by The Royal Bank of Scotland plc and moneys totalling £5.6 million were held on deposit which is included in cash at bank and in hand in the balance sheet as at 27 June 2004.

These loan notes bear interest at a rate of 0.5 per cent. below LIBOR for six-month sterling deposits.

The loan notes are redeemable at par at the holder's option on any interest payment date, which is set at 31 May and 30 November in any year. Unless previously redeemed, the loan notes will be redeemed by Riposte Limited on 30 November 2007.

There were no costs associated with the issue of these loan notes.

As at 26 June 2005, the unredeemed loan notes amount to £1.2 million, which are secured by a deposit of £1.2 million included in cash at bank and in hand in the balance sheet as at 26 June 2005.

Senior Facilities

Acquisition of PizzaExpress

On 1 July 2003 GondolaExpress PLC entered into borrowing to finance the purchase of PizzaExpress Limited.

The loans were syndicated, with The Bank of Scotland plc as lead agent, and carried interest at varying rates above LIBOR, interest being payable in arrears at time periods of one, two or six months as agreed in advance.

A loan: £85 million loan. This loan carried interest at 2.5 per cent. above LIBOR for the period for which the loan was outstanding. The loan was repayable in fixed amounts at six-monthly intervals, with final maturity on 30 June 2010.

B loan: £32.5 million loan. This loan carried interest at 3.0 per cent. above LIBOR. The loan matured in June 2011 being payable in full at that date.

C loan: £32.5 million loan. This loan carried interest at 3.5 per cent. above LIBOR. The loan matured in June 2012 being payable in full at that date.

The initial costs of the loans totalled £17.2 million, which were amortised over the period from drawdown of the loan to the repayment date at 1 July 2004. At 27 June 2004, these costs had been fully amortised.

Interest accrued on this loan as at 27 June 2004 amounted to £3.3 million.

This debt was repaid on 1 July 2004 funded by the proceeds of the disposal of PizzaExpress Limited to ASK Central.

Acquisition of ASK

On 13 February 2004, Riposte Limited entered into borrowing to finance the purchase of ASK Central and the purchase of PizzaExpress Limited by ASK Central.

The loans are syndicated with HSBC plc, Lehman Brothers Bankhaus AG, London branch and The Royal Bank of Scotland plc as mandated lead arrangers and carry interest at varying rates above LIBOR, interest being payable in arrears at time periods of one, three or six months as agreed in advance.

The loans were partially drawn down on 19 May 2004 to facilitate the purchase of ASK, partially on 1 July 2004 to facilitate the refinancing of the debt arising on the PizzaExpress Acquisition and the remainder on 31 January 2005 to refinance the mezzanine loans (see below). On 31 January 2005, additional borrowings were agreed with the syndicate in the form of a 'D' loan.

A loan: 2005: £135.5 million; 2004: £66.0 million loan. This loan carries interest at 2.25 per cent. above LIBOR.

This loan is repayable at six-monthly intervals, maturing in 2012.

B loan: 2005: £75.0 million; 2004: £35.3 million loan. This loan carries interest at 2.75 per cent. above LIBOR.

This loan matures and is payable in full in 2011.

C loan: 2005: £75.0 million; 2004: £35.3 million loan. This loan carries interest at 3.25 per cent. above LIBOR.

This loan matures and is payable in full in 2012.

D loan: 2005: £50.0 million. This loan carries interest at 3.75 per cent. above LIBOR. This loan matures and is payable in full in 2014.

The Senior Facilities also provided a short-term revolving facility at the time of the ASK acquisition, which carries interest at market rates and was redeemed on 2 July 2004. The balance outstanding at 27 June 2004 was £0.4 million.

The initial costs of these loans totalled £13.2 million, which have been amortised over the period from drawdown of the loan to the anticipated repayment in advance of the Global Offer. In order to show the Group's net borrowings the loan and the initial costs have been offset.

The unamortised amount of these costs was £12.6 million as at 27 June 2004 and £2.3 million as at 26 June 2005.

The interest accrued on the Senior Facilities at 26 June 2005 amounted to £10.3 million (2004: £1.3 million).

Although the loans mature in a period beyond one year, the terms of the loan require that the debt is restructured prior to any flotation, and hence the debt is all shown within creditors due within one year.

Mezzanine facility

Acquisition of PizzaExpress

On 1 July 2003, GondolaExpress PLC borrowed £37.5 million from The Bank of Scotland plc. Interest accrued at 8 per cent. over LIBOR. There were no specific issue costs relating to this loan, which was entered into as part of the financing arrangements with the Senior Facilities as described above.

Four per cent. of the interest on the loan was payable on maturity. The agreement deems that this interest was capitalised and became part of the principal loan outstanding at the end of the interest periods applying to the cash interest payments The remaining interest was payable in arrears over periods of one, three or six months. The maturity date of the loan was 30 June 2013.

Interest capitalised into the principle of the loan at 27 June 2004 was £1.0 million. Interest accrued at 27 June 2004 was £2.8 million.

The mezzanine debt was repaid on 1 July 2004.

Acquisition of ASK Central

On 19 May 2004, Riposte Limited borrowed £61.3 million from a syndicate of banks led by The Royal Bank of Scotland plc. Interest accrued at 9.25 per cent. over LIBOR and amounted to £0.7 million at 27 June 2004.

This loan matured on 1 July 2005, however it was repaid on 31 January 2005 through restructured borrowing via increased senior borrowing and a second lien facility as described below.

Second lien loan

On 31 January 2005 Riposte Limited borrowed £40.0 million from a syndicate of banks with The Royal Bank of Scotland plc as mandated lead arranger. This loan was utilised to repay the mezzanine facilities described above.

Interest accrues at a margin over LIBOR depending on the debt ratio of the Group. The current interest rate is 7.0 per cent. over LIBOR. This will reduce to 6.5 per cent. over LIBOR provided that the net debt to EBITDA ratio falls below 3.65:1.

Interest is payable in arrears and may be paid in periods of either three or six months at the choice of the borrower. Interest outstanding at 26 June 2005 amounted to £0.8 million.

This debt remains outstanding at 26 June 2005.

The debt has a maturity date of 2015, but is repayable in the event of a flotation, and is therefore shown as repayable within one year for the purposes of this report. The Group will use advances under the New Facility to repay the debt on Admission.

Deep Discounted Bonds ("DDBs")

Acquisition of PizzaExpress

On 1 July 2003 PandoraExpress 4 Limited issued 849,571 £100 "A" DDBs at an issue price of £23.5413 each. Interest accrued on a compound basis over the period to maturity at a rate of 15.6 per cent. each. The maturity date of this bond was 2013. However the bonds were redeemed on 1 July 2004. The original subscriber to these bonds was Uberior Investments plc.

On 1 July 2003, PandoraExpress 4 Limited issued 932,192 £100 "B" DDBs at an issue price of £21.4548 each. Interest accrued on a compound basis over the period to maturity at a rate of 16.6 per cent. The maturity date of the bond was 2013, however these bonds were redeemed on 1 July 2004. The original subscriber to these bonds was Hutton Collins Mezzanine Partners LP.

19 Creditors: amounts falling due after more than one year

	29 June 2003	27 June 2004	26 June 2005
	£m	*£m*	*£m*
Bank loans — Senior Facilities (note 18)	—	132.2	—
Deep Discounted Bonds	—	81.8	95.9
Unsecured loan notes — 16 per cent.	—	—	104.4
Other creditors	—	0.1	0.1
	—	214.1	200.4

Deep Discounted Bonds ("DDBs")

Acquisition of PizzaExpress

On 1 July 2003, PandoraExpress 2 Limited issued 2,796,577 £100 DDBs at an issue price of £21.4548 each. The maturity date of these bonds was 2013. The original subscriber was PandoraExpress LP. On 25 January 2004 1,147,517 of these bonds were redeemed. The remaining bonds were assigned to TDR Capital Nominees Limited and Capricorn on 17 May 2004. PandoraExpress 2 Limited novated the remaining bonds to Gondola on 18 May 2004. The bonds accrue interest at a compound rate of 16.64 per cent.

Acquisition of ASK Central

On 18 May 2004, Gondola issued 2,689,684 £100 DDBs at an issue price of £14.7554 each. The maturity date of these bonds is 2015. Interest accrues on a compound basis over the period to maturity at a rate of 19 per cent. The original subscribers to these bonds were TDR Capital Nominees Limited and Capricorn.

Unsecured loan notes

On 30 June 2004 Gondola issued £90.0 million of £1 unsecured loan notes as consideration for the acquisition of PandoraExpress 1 Limited from PandoraExpress LP. These loan notes were assigned by PandoraExpress LP to TDR Capital Nominees Limited and Capricorn on 30 June 2004. Interest accrues at 16 per cent. over the period of the loan notes. The maturity date of the loan notes is in 2015.

20 Provisions for liabilities and charges — deferred taxation

	£m
As at 30 June 2002	14.3
Transfer from profit and loss account	2.0
Fair value adjustments arising from fair valuing tangible fixed assets	(1.9)
As at 29 June 2003	14.4
Acquisition of subsidiaries	6.7
Transfer from profit and loss account	1.9
At 27 June 2004	23.0
Transfer to profit and loss account	(5.7)
At 26 June 2005	17.3

Based on current capital investment plans, the Group expects to be able to claim capital allowances in excess of depreciation in future years.

As at 26 June 2005, the Group has unrecognised deferred tax assets of £0.7 million (2004: £0.5 million; 2003: £0.9 million) arising from tax written down value in excess of book value, and £4.7 million (2004: £7.0 million; 2003: £0.9 million) arising from tax losses. The directors believe that it is more likely than not that insufficient suitable profits will arise in future years to utilise these assets.

21 Financial Instruments

Policy

The Group does not use complex derivative financial instruments.

The Group has a number of small investments in overseas operations and, as a result, the Group's balance sheet can be affected by movements in these countries' exchange rates. These currency exposures are not material as at the date of this report. Currency exposures are reviewed regularly.

The Group purchases certain goods from European suppliers and during the periods ended 26 June 2005 and 27 June 2004 hedged these commitments by entering into forward foreign currency contracts for the purchase of Euros to minimise the impact of Euro fluctuation. The ongoing exposure to Euro purchases is minimal, however the Group's policy will continue to be to hedge any significant currency exposure.

The Group has bank borrowings at variable rates. The Group aims to minimise the effect of interest rate fluctuation, however the Group does not have a definitive stance on the balance between fixed and floating rate debt. As set out below 53.0 per cent. (2004: 24.8 per cent.; 2003: not applicable) of the financial instruments carried interest at a fixed rate at the balance sheet date.

The Group manages its exposure to liquidity risk through pre funding of cash flow, maintaining a diversity of funding sources and spreading debt repayments over a range of maturities.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all of the following disclosures, other than the currency risk disclosures.

Interest rate risk profile of financial liabilities

The interest rate profile of the Group's financial liabilities at each period end, after taking account of the interest rate swap contracts used to manage the interest and currency profile was as follows:

Sterling — Borrowings

	29 June 2003	27 June 2004	26 June 2005
	£m	£m	£m
Fixed rate	—	128.2	310.3
Floating rate	—	388.0	275.6
	—	516.2	585.9

All the Group's creditors falling due within one year (other than bank and other borrowings) are excluded from the above tables either due to the exclusion of the short-term items or because they do not meet the definitions of a financial liability, such as tax balances.

The effect of the Group's interest rate swaps is to classify £110.0 million (2004: £nil; 2003: £nil) of sterling borrowings in the above table as fixed rate.

Weighted Average Interest Rates — Fixed Rate borrowings

	29 June 2003	27 June 2004	26 June 2005
	%	*%*	*%*
Weighted Average Interest Rates — Senior Facilities (A, B, C, D) (hedged element)			
In one year or less, or on demand (weighted average period for which rate is fixed is less than 1 year)	—	—	5.33
Weighted Average Interest Rates — DDBs			
In one year or less, or on demand (weighted average period for which rate is fixed is less than 1 year)	—	16.0	—
More than five years (weighted average period for which rate is fixed is 10 years at 26 June 2005 and 9 years at 26 June 2004)	—	16.8	17.8
Weighted Average Interest Rates — Unsecured loan			
More than five years (weighted average period for which rate is fixed is 10 years)	—	—	16.0

Interest rate risk of financial assets

Sterling — cash deposits

	29 June 2003	27 June 2004	26 June 2005
	£m	*£m*	*£m*
Fixed rate	—	25.0	3.0
Floating rate	12.9	39.1	18.3
No interest	10.3	19.1	6.8
	23.2	83.2	28.1

The Group has no financial assets, excluding short-term debtors, other than sterling cash deposits of £28.1 million (2004: £83.2 million; 2003: £23.2 million) which are part of the financing arrangements of the group. The sterling cash deposits comprise amounts placed on immediate access deposit. The fixed rate cash deposits in sterling are placed with banks on a seven-day rolling basis and earn interest at 4.67 per cent. (2004: 4.28 per cent). Floating rate cash earns interest based on LIBOR and is available on demand. Cash deposits earning no interest comprise cash in hand and is available on demand.

Currency exposures

At 26 June 2005 the Group had Euro denominated current liabilities, that were not denominated in sterling being the functional currency of the relevant Group company of £nil (2004: £1.1 million; 2003: £1.5 million). Other than these the Group had no material net foreign currency monetary assets and liabilities that were not denominated in the functional currency of the relevant Group company involved as at 26 June 2005, 27 June 2004 and 29 June 2003.

Borrowing facilities

The Group has an undrawn committed revolving facility of £20.0 million at 26 June 2005 (2004: £35.0 million; facility, utilised £0.4 million; 2003: £10.0 million) in respect of which all conditions precedent had been met. The facility tied to the Senior A banking facility which is due to expire in 2012. The facility, if utilised, would carry interest at LIBOR plus 2.25 per cent. The unused facility incurs commitment fees of 0.75 per cent.

The Group has no uncommitted borrowing facilities at 26 June 2005.

Maturity of financial liabilities

Borrowings are repayable as follows:

Bank Debt Senior Facilities

	29 June 2003	27 June 2004	26 June 2005
	£m	£m	£m
In one year or less, or on demand	—	146.9	343.6
Between one and two years	—	132.2	—
	—	279.1	343.6

Deep Discounted Bonds

	29 June 2003	27 June 2004	26 June 2005
	£m	£m	£m
In one year or less, or on demand	—	46.4	—
More than five years	—	81.8	95.9
	—	128.2	95.9

Unsecured Loan Notes

	29 June 2003	27 June 2004	26 June 2005
	£m	£m	£m
More than five years	—	—	104.4
	—	—	104.4

£1.2 million of Secured loans (2004: £5.6 million; 2003: £0.9 million), £nil of Mezzanine facilities (2004: £103.3 million; 2003: £nil), and £40.8 million Bank Debt — Second lien (2004: £nil; 2003: £nil) are due within one year.

Fair values of financial assets and financial liabilities

The following table provides a comparison by category of the carrying amounts and the fair values of the Group's financial assets and financial liabilities at each period end. Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest. Where available, market values have been used to determine fair values. Where market values are not available, fair values have been calculated by discounting expected cash flows at prevailing interest rates.

Set out below the table is a summary of the methods and assumptions used for each category of financial instrument.

	29 June 2003		27 June 2004		26 June 2005	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
	£m	£m	£m	£m	£m	£m
Primary financial instrument held or issued to finance the Group's operations:						
Loan notes — Secured	(0.9)	(0.9)	(5.6)	(5.6)	(1.2)	(1.2)
Short-term bank loans — Senior facilities	—	—	(146.9)	(146.9)	(343.6)	(343.6)
Long-term bank loans — Senior facilities	—	—	(132.2)	(132.2)	—	—
Short-term bank loans — Mezzanine facilities	—	—	(103.3)	(103.3)	—	—
Short-term bank loans — Second lien	—	—	—	—	(40.8)	(40.8)
Deep Discounted Bonds	—	—	(128.2)	(120.6)	(95.9)	(94.5)
Unsecured loan notes	—	—	—	—	(104.4)	(107.8)
Cash deposits	23.2	23.2	83.2	83.2	28.1	28.1
Derivative financial instrument held to manage the interest rate profile:						
Interest rate swaps	—	—	—	—	—	(1.9)
	22.3	22.3	(433.0)	(425.4)	(557.8)	(561.7)

Summary of Methods and Assumptions

The fair value of the secured loan notes which are repayable on demand approximates to the carrying amount due to the short maturity of these instruments.

The fair value of short-term bank borrowings and cash deposits approximates to the carrying value reported due to the short maturity of these instruments.

The fair value of long-term bank loans — senior facilities approximates to the carrying value reported in the balance sheet as they bear interest at floating rates, where payments are reset to market rates at intervals of less than one year.

Deep discounted bonds and unsecured loans are liabilities which are not traded in an open market. They are particularly sensitive to the discount rate used, as the principal and the total interest compounded are repayable in one lump sum at the end of the period. In order to estimate the fair value of these liabilities, the expected future cash flows were discounted at estimated rates specific to each liability and determined through the consideration of a number of factors including changes in the market since issue.

The fair value of the interest rate swaps is calculated as the potential termination cost of the swap as at the balance sheet date.

Hedges

The Group's policy is to hedge the interest rate risk using interest rate swaps. The table below shows the extent to which the Group has off-balance sheet (unrecognised) gains and losses in respect of financial instruments used as hedges at the beginning and end of the year. It also shows the amount of those gains and losses which are expected to be included in next year's or later profit and loss accounts.

All the gains and losses on the hedging instruments are expected to be matched by losses and gains on the hedged transactions or positions.

No forward currency contracts are outstanding at each period end.

There are no deferred gains or losses at each balance sheet date.

	Gains	Unrecognised losses	Total net losses
	£m	*£m*	*£m*
Gains and losses on hedges at 1 July 2002, 29 June 2003, 27 June 2004	—	—	—
Arising in 2005	—	(1.9)	(1.9)
Gains and losses on hedges at 26 June 2005	—	(1.9)	(1.9)
To be recognised in 2005/2006	—	(1.0)	(1.0)
To be recognised thereafter	—	(0.9)	(0.9)
	—	(1.9)	(1.9)

22 Called up share capital

PandoraExpress 1 Limited

	29 June 2003
	£
Authorised	
Equity	
50,100 ordinary shares of £1 each	50,100
	50,100
Allotted, issued and fully paid	
Equity	
12,500 ordinary shares of £1 each	12,500
	12,500

Gondola Group Limited

	27 June 2004	26 June 2005
	£	£
Authorised		
Equity		
100 ordinary A shares of £1 each	100	100
100 ordinary B shares of £1 each	100	100
26,000,000 ordinary C shares of £0.0005 each (2004: 10,000 of £1 each)	10,000	13,000
	10,200	13,200
Allotted, issued and fully paid		
Equity		
100 ordinary A shares of £1 each	100	100
100 ordinary B shares of £1 each	100	100
25,186,210 ordinary C shares of £0.0005 each (2004: 10,000 of £1 each)	10,000	12,593
	10,200	12,793

For 2003 the share capital is of PandoraExpress 1 Limited. For 2004 and 2005 the share capital is of Gondola.

- By a written resolution, passed on 6 May 2004, the shareholders of Gondola resolved to adopt new articles of association (the "Gondola Articles"). The Gondola Articles provided that the authorised share capital of Gondola should be £10,200, divided into 100 ordinary A shares of £1 each, 100 ordinary B shares of £1 each and 10,000 ordinary C shares of £1 each.
- By a written resolution passed on 6 May 2004, the shareholders of Gondola resolved that:
  - 100 ordinary A shares were issued and allotted to Duelpeople Limited, a subsidiary of TDR Capital LLP;
  - 100 ordinary B shares were issued and allotted to CV2 Limited, a Capricorn owned company; and

    - 10,000 ordinary C shares were issued and allotted to PandoraExpress LP.

- By a written resolution passed on 25 February 2005, the shareholders of Gondola resolved:

    - to sub-divide each of the existing ordinary C shares into 20,000,000 ordinary C shares of £0.0005 each;

    - to increase the authorised share capital of Gondola to £13,200, divided into 100 ordinary A shares of £1 each, 100 ordinary B shares of £1 each and 26,000,000 ordinary C shares of £0.0005 each by the creation of an additional 6,000,000 ordinary C shares of £0.0005 each.

- 5,186,210 ordinary C shares of £0.0005 each were issued on 28 February 2005 to various employees under the Partnership Plan scheme. These shares are beneficially owned and will have the right to be converted into shares of Gondola Holdings plc.

- Employees participating in the Partnership Plan are issued ordinary C shares at market value on acquisition. As beneficial owners of the shares employees retain an unfettered right to distributions on a winding up, and are exposed to fluctuations in share price. Shares are subject to temporary restrictions (e.g. over the right to receive dividends) until they vest.

- Shares are issued subject to the participant remaining in the employment of the Group and subject to performance conditions and may be bought back from participants and cancelled should the participant cease employment with the Group and/or if performance conditions are not met at the vesting date.

- A and B shares have equal voting rights. They carry the right to receive notice of meetings and rights to appoint directors. C shares carry none of these rights.

- For distributions and on winding up, the articles of association allow for the income and assets to be allocated as follows:

    - A ordinary shares 0.001 per cent.;

    - B ordinary shares 0.001 per cent.; and

    - C ordinary shares 99.998 per cent.

  To be apportioned pro rata in each case between the shares in issue in each such class.

Warrants

On 1 July 2003 warrants for the purchase of 942 D shares in PandoraExpress 3 Limited, a subsidiary of PandoraExpress 1 Limited, were issued to third parties being Uberior Trading Limited and Hutton Collins Mezzanine Partners LP. In January 2004, TDR Capital acquired an interest in certain of the warrants owned by Hutton Collins Mezzanine Partners LP.

The warrants were exercisable on a listing or a sale of any issued share capital of PandoraExpress 1 Limited, PandoraExpress 2 Limited or PandoraExpress 3 Limited.

The warrants became exercisable on 30 June 2004, on the sale of PandoraExpress 1 Limited to Gondola Group Limited.

As at 26 June 2005, the warrants had not been exercised.

23 Reserves

	Share capital	Share premium	Profit and loss
	£m	*£m*	*£m*
At 30 June 2002	7.3	61.9	63.6
Retained profit for the period pre-acquisition	—	—	8.8
Exchange adjustments	—	—	0.2
Elimination on acquisition	(7.3)	(61.9)	(72.6)
Retained profit for the period post-acquisition			0.5
At 29 June 2003	—	—	0.5
Loss for the period	—	—	(32.5)
Exchange adjustments	—	—	0.2
At 27 June 2004	—	—	(31.8)
Retained loss for the period	—	—	(29.4)
Appropriation (note 1)	—	—	(90.0)
Proceeds from share issue	—	1.3	—
At 26 June 2005	—	1.3	(151.2)

Elimination on acquisition

The elimination of the profit and loss account reserves and share capital and share premium shown above of £141.8 million represents the pre-acquisition reserves of PizzaExpress at the date of acquisition, see note 25.

24 Minority Interests

	Equity
	£m
Minority Interest arising on acquisition of PizzaExpress	13.0
Profit for the period post-acquisition	—
At 29 June 2003	13.0
Profit for the period	3.1
At 27 June 2004	16.1
Profit for the period	2.9
At 26 June 2005	19.0

The minority interests arise from the 10.4 per cent. holding by various minority shareholders in PizzaExpress Limited.

25 Acquisitions

The PizzaExpress Acquisition

As stated in note 1, on 18 June 2003, TDR Capital and Capricorn acquired an indirect, controlling interest in PizzaExpress Limited in a public to private transaction for £253.5 million through a bid vehicle, GondolaExpress PLC. GondolaExpress PLC is an indirectly 100 per cent. owned subsidiary of PandoraExpress 1 Limited, which in turn is a wholly owned subsidiary of Gondola. At the time of the acquisition, PandoraExpress 1 Limited was a direct subsidiary of PandoraExpress LP, the ultimate controlling party.

The PizzaExpress Acquisition has been accounted for as an acquisition. The total adjustments required to the book values of the assets and liabilities acquired in order to present them at fair value in accordance with the

Group's accounting policies was £16.8 million, details of which are set below, together with the amount of goodwill arising:

	Book value	Revaluation	Total fair value
	£m	*£m*	*£m*
Intangible fixed assets (note 12)	0.4	(0.4)	—
Fixed assets	162.1	(16.7)	145.4
Other investments	0.9	(0.9)	—
Stock	9.2	—	9.2
Debtors	9.4	—	9.4
Cash	23.2	—	23.2
Creditors due within one year	(47.1)	(0.7)	(47.8)
Provisions	(16.3)	1.9	(14.4)
Total	141.8	(16.8)	125.0
Less: fair value of minority interests (note 24)			(13.0)
Less: Total purchase consideration — cash paid (including £0.4 million — paid in period ended 26 June 2005)			(253.5)
Goodwill (note 12)			(141.5)

The total purchase consideration includes acquisition costs of £4.5 million, including stamp duty.

The intangible fixed asset existing on acquisition is the goodwill which arose from the acquisition of Bookcash Trading Limited in 2002. This goodwill of £0.4 million arising on consolidation, is eliminated in the acquisitions table above.

At the date of the PizzaExpress Acquisition a fair valuation exercise was completed on all overseas subsidiaries (including Spain and France) of PizzaExpress B.V., a subsidiary of PizzaExpress Limited. These companies were subsequently sold to PandoraExpress S.à r.l., a related party company, at a nil value. As a result the fair value of the tangible fixed assets and working capital were adjusted to £nil. The resultant fair value adjustments were £5.5 million to tangible fixed assets and £0.7 million to working capital, shown against creditors in the table above.

At the date of the PizzaExpress Acquisition, a fair valuation exercise was completed on all other investments held within the Group. These investments were subsequently sold to PandoraExpress S.à r.l., a related party company, at a nil value. As a result, the fair value of the other investments was adjusted to £nil. The resultant fair value adjustment was £0.9 million as shown in the table above.

At the date of the PizzaExpress Acquisition, a fair valuation exercise was completed on all Café Pasta branded restaurants, owned by Café Pasta Limited, which at that time was a subsidiary of PizzaExpress Limited. Given the losses generated by Café Pasta Limited, and the expected continuing losses, the fair value of the tangible fixed assets was adjusted to the net realisable value which was £nil. The resultant fair value adjustment to tangible fixed assets was £9.6 million.

At the date of the PizzaExpress Acquisition, a fair valuation exercise was completed on all remaining PizzaExpress owned restaurants. From this exercise 15 loss making restaurants were considered to be impaired. A fair value adjustment to tangible fixed assets of £3.9 million was made as a result. These restaurants were transferred to PandoraExpress 2A Limited on 1 July 2003.

Subsequent to the PizzaExpress Acquisition, the Group completed a series of sale and leaseback transactions of all freehold and long leasehold interests. PizzaExpress made profits on these transactions and these profits have been reflected in the fair value of the assets acquired, resulting in a total fair value adjustment to tangible fixed assets of £3.5 million.

During the period ended 27 June 2004, PizzaExpress disposed of other tangible fixed assets for a loss of £1.2 million. These losses were reflected in the fair value of the assets acquired, resulting in a fair value adjustment to tangible fixed assets of £1.2 million.

The fair value adjustment recorded to provisions relates to the associated deferred tax asset arising on the impairment of the tangible fixed assets.

The ASK Acquisition and Reorganisations

As stated in note 1, on 6 May 2004, Gondola acquired a controlling interest in ASK upon declaring unconditional a public offer which valued the issued capital of ASK at £227.4 million (the "ASK Acquisition").

On 30 June 2004, PandoraExpress 1 Limited was sold by PandoraExpress LP to Gondola in exchange for £90.0 million loan notes, representing the increase in value of the underlying PizzaExpress business since 18 June 2003 (the "PandoraExpress 1 Reorganisation"). In these consolidated accounts, this issue of the £90.0 million loan notes has been treated as an appropriation of value to the shareholders. On 1 July 2004, ASK acquired the ordinary shares of PizzaExpress from PandoraExpress 1 Limited, (the "PizzaExpress Reorganisation").

The ASK Acquisition and the Reorganisations have been accounted for together as a reverse acquisition of ASK Central by PizzaExpress.

The total adjustments required to the book values of the assets and liabilities of ASK acquired in order to present them at fair value in accordance with the Group's accounting policies was £1.2 million, details of which are set out below, together with the amount of goodwill arising:

	Book value	Revaluation	Total fair value
	£m	*£m*	*£m*
Intangible fixed assets	0.8	(0.8)	—
Fixed assets	96.5	(1.3)	95.2
Stock	3.5	—	3.5
Debtors	2.2	—	2.2
Cash	12.9	—	12.9
Creditors due within one year	(34.7)	—	(34.7)
Creditors due after more than one year	(0.1)	—	(0.1)
Provisions	(7.6)	0.9	(6.7)
Total	73.5	(1.2)	72.3
Total purchase consideration — cash paid (including an amount of £3.1 million paid in the period ended 26 June 2005)			(227.4)
Goodwill (note 12)			(155.1)

The total purchase consideration includes acquisition costs of £4.6 million including stamp duty.

The intangible fixed asset existing on acquisition is the goodwill which arose from the acquisition of ASK 25 Limited. This goodwill of £0.8 million arising on consolidation is eliminated in the acquisitions table above.

At the date of the ASK Acquisition, a fair value exercise was carried out on all tangible fixed assets of ASK. As a result 11 restaurants were considered impaired, resulting in a fair value adjustment to tangible fixed assets of £4.3 million.

During the period since acquisition to 26 June 2005, the Company completed a series of sale and leaseback transactions on some freehold and long leasehold interests. The Company made a profit on these transactions of £3.0 million which is reflected in the fair value of tangible fixed assets above.

The fair value adjustment recorded to provisions relates to the associated deferred tax asset arising on the impairment of the tangible fixed assets.

The pre-acquisition and post-acquisition results of ASK for the period ended 27 June 2004 are as follows:

Profit and Loss Account

	30 June 2003 — 5 May 2004	6 May 2004 — 27 June 2004
	£m	*£m*
Turnover	100.4	18.4
Cost of sales	(82.1)	(14.4)
Gross profit	18.3	4.0
Administrative expenses (before exceptional costs)	(2.7)	(0.4)
Operating exceptional costs	(3.4)	(0.4)
Operating profit	12.2	3.2
Profit on disposal of tangible fixed assets	0.4	—
Profit on ordinary activities before interest and taxation	12.6	3.2
Net interest payable	(0.1)	—
Profit on ordinary activities before tax	12.5	3.2
Taxation	(5.0)	(1.1)
Profit on ordinary activities after tax	7.5	2.1

For the post-acquisition period:

Included within operating profit are the following expenses:	*£m*
Operating lease rentals — land and buildings	1.8
Staff costs	5.7

Cash flow for the post-acquisition results of ASK

	£m
Operating profit	3.2
Depreciation	0.8
Amortisation	—
Decrease in stocks	0.1
Increase in debtors	(1.9)
Decrease in creditors	(4.6)
Net cash outflow from operating activities	(2.4)
Net interest paid	—
Purchase of tangible fixed assets	(0.9)
Sale of tangible fixed assets	20.0
Increase on short-term deposits with bank	(25.0)
Increase in cash	(8.3)
Cash acquired on acquisition	12.9
Cash at bank and in hand at 27 June 2004	4.6

For the year ended 29 June 2003, the profit after tax of ASK was £12.6 million.

Disposal of PizzaExpress B.V.

On 1 July 2003, the Group disposed of PizzaExpress B.V. to PandoraExpress S.à r.l., a related party company at £nil consideration. The assets and liabilities of these businesses on disposal have been fully written down in the Group accounts as follows:

	£m
Tangible fixed assets	5.5
Stock	0.2
Debtors	0.7
Creditors due within one year	(0.7)
Cash	0.5
	6.2
Fair value adjustments	(6.2)
Consideration	—
Result on disposal	—

Disposal of other investments

The Group disposed of its minority shareholding in a number of overseas franchise operations on 1 July 2003 for £nil consideration. The book value of these investments was £nil, resulting in a nil profit on disposal to the Group.

26 Notes to cash flow statement

(a) Reconciliation of operating profit to operating cash flows

For the 52 weeks ended	29 June 2003	27 June 2004	26 June 2005
	£m	£m	£m
Group operating profit	23.0	24.9	36.7
Depreciation	11.2	11.3	16.4
Impairment	—	—	1.7
Loss on disposal of tangible fixed assets	—	—	0.3
Accelerated depreciation	—	—	2.0
Amortisation of goodwill	0.2	8.2	14.8
Exceptional charge relating to fees incurred on acquisition of ASK	—	10.5	4.7
Cash payment relating to fees incurred on acquisition of ASK	—	(0.1)	(6.1)
(Increase)/decrease in stocks	(0.8)	0.1	3.1
Decrease/(increase) in debtors	0.3	(4.0)	(5.1)
Increase/(decrease) in creditors	14.9	(4.8)	(12.5)
Net cash inflow from operating activities	48.8	46.1	56.0

The net cash inflow from discontinued operations in 2003 was £0.6 million. (No discontinued operations in 2004 or 2005.) The cash outflow from other operating exceptional items in the period was £4.3 million in 2005 (2004: £5.6 million; 2003: £11.7 million).

The exceptional charge relating to fees incurred on acquisition of ASK and the cash payment relating to fees incurred on acquisition of ASK as shown in the above reconciliation have been separately identified from within the increase/(decrease) in creditors line item shown above. The net exceptional charges relating to fees incurred on acquisition of ASK which remain outstanding at 27 June 2004 and 26 June 2005 are disclosed within accruals and deferred income in the balance sheet except for the £9.0 million payable to Capricorn (note 29) which is disclosed within other creditors in the balance sheet as at 26 June 2005.

(b) Reconciliation of net cash flow to movement in net funds/(debt)

	29 June 2003	27 June 2004	26 June 2005
	£m	*£m*	*£m*
Increase/(decrease) in cash	4.8	29.9	(28.7)
Cash inflow/(outflow) from movement in debt — loan notes	1.9	(4.7)	4.4
Cash inflow/(outflow) from movement in debt — Bank debt and other borrowings	—	(498.8)	50.3
Cash (outflow)/inflow from movement in liquid resources	(2.1)	5.1	(4.4)
Cash (outflow)/inflow from movement in short-term deposit at bank	—	25.0	(22.0)
Exchange movements	(0.3)	—	—
Bank fees	—	12.6	(10.3)
Other non cash changes	—	(24.4)	(114.1)
Change in net funds resulting from cash flows	4.3	(455.3)	(124.8)
Net funds at beginning of period	18.0	22.3	(433.0)
Net funds at end of period	22.3	(433.0)	(557.8)

(c) Analysis of changes in net funds/(debt)

	Cash at bank and in hand	Debt due within one year — loan notes	Bank debt and other borrowings	Cash on short-term deposit	Restricted cash	Total
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
30 June 2002	18.2	(2.8)	—	—	2.6	18.0
Cash flow	4.8	1.9	—	—	(2.1)	4.6
Exchange movements	(0.3)	—	—	—	—	(0.3)
29 June 2003	22.7	(0.9)	—	—	0.5	22.3
Cash flow	17.0	(4.7)	(498.8)	25.0	5.1	(456.4)
On acquisition	12.9	—	—	—	—	12.9
Non-cash changes	—	—	(11.8)	—	—	(11.8)
27 June 2004	52.6	(5.6)	(510.6)	25.0	5.6	(433.0)
Cash flow	(28.7)	4.4	50.3	(22.0)	(4.4)	(0.4)
Non-cash changes	—	—	(124.4)	—	—	(124.4)
26 June 2005	23.9	(1.2)	(584.7)	3.0	1.2	(557.8)

The figures for restricted cash and cash on short-term deposit are included in the figure for cash on the balance sheet.

The non-cash changes in the period ended 27 June 2004 of £11.8 million includes accrued interest of £24.4 million less £12.6 million of unamortised finance costs arising from the ASK Acquisition.

The non-cash changes in the period ended 26 June 2004 of £124.4 million includes the issue of £90 million of unsecured loan notes, accrued interest of £24.1 million and amortised finance costs of £10.3 million arising from the ASK Acquisition.

27 Operating lease commitments

The Group has annual commitments under non-cancellable operating leases which expire as follows:

	29 June 2003	27 June 2004	26 June 2005
	£m	£m	£m
Land and buildings			
Within one year	0.4	0.7	0.1
In the second to fifth years inclusive	1.1	1.5	1.4
Over five years	18.2	30.0	32.9
	19.7	32.2	34.4
Other			
Within one year	0.1	0.1	0.1
In the second to fifth years inclusive	0.4	0.4	0.2
	0.5	0.5	0.3

The financial commitments for operating lease amounts payable calculated as a percentage of turnover have been based on the minimum payment that is required under the terms of the relevant lease. As a result the amounts charged to the profit and loss account are different to the financial commitment at the year end.

28 Contingent liabilities

On 1 July 2004, the Group, including certain of its subsidiaries (together the "Senior Guarantors"), became guarantors to a Senior Credit Facilities Agreement between Gondola Finance Limited, Riposte Limited and Gondola, and HSBC Bank PLC, Lehman Brothers Bankhaus AG and The Royal Bank of Scotland plc.

On 31 January 2005, the same companies became guarantors to the second lien loan. The amounts outstanding at 26 June 2005 for these loans were £343.6 million under the senior facilities and £40.8 million under the second lien loan.

Each Senior Guarantor irrevocably and unconditionally and jointly and severally:

- guarantees to each finance party the punctual performance of each borrower, guarantor and chargor (each an obligor) of all such obligor's obligations under the Senior Credit Facilities Agreement;
- undertakes with each finance party that whenever an obligor does not pay any amount when due under or in connection with any Senior Finance Department, the guarantor shall immediately on demand pay that amount as if it was the principal obligor; and
- indemnifies each finance party immediately on demand against any cost, loss or liability suffered by that finance party as a result of the guarantee being enforceable, invalid or illegal.

The same companies have also provided security for all indebtedness, liabilities and obligations of any member of the Group under the Senior Facilities Agreement. The security comprises floating charges over all assets and undertakings of the Senior Guarantors.

29 Related party transactions

No separate disclosure has been made of transactions and balances between companies in the Group that have been eliminated in the preparation of these financial reports, as is permitted by FRS 8 "Related Party transactions". All other transactions and balances with related parties of the Group have been detailed below.

Transactions with TDR Capital and Capricorn

A fee of £4.0 million was paid to Capricorn by GondolaExpress PLC in 2004 in respect of the PizzaExpress Acquisition. There was no amount outstanding as at the balance sheet dates.

A fee of £4.0 million was paid to TDR Capital LLP by GondolaExpress PLC in 2004 in respect of the PizzaExpress Acquisition. There was no amount outstanding at the balance sheet dates.

A fee of £9.0 million became payable to Capricorn by Riposte Limited in 2004 in respect of the ASK Acquisition. This had not been invoiced at 27 June 2004 and is included within accruals and deferred income at that balance sheet date and within other creditors as at 26 June 2005.

Expenses totalling £30,036 have been reimbursed to TDR Capital LLP by GondolaExpress PLC in respect of services provided to the Group by TDR Capital LLP.

Expenses totalling £8,576 have been reimbursed to Capricorn by GondolaExpress PLC in respect of services provided to the Group by Capricorn.

In addition, deep discounted bonds and unsecured loan notes have been issued to TDR Capital and Capricorn, further details of which are set out in Note 19.

Transaction with ultimate parent undertaking

In 2004 GondolaExpress PLC paid interest on a bank facility on behalf of PandoraExpress LP totalling £0.3 million. This amount remains outstanding at the 2005 balance sheet date (2004: £0.3 million, 2003: £nil).

Transactions with directors and senior management

During 2005, ASK paid a total of £0.5 million (2004: £0.1 million) in rents and insurance to Kropifko Properties Limited, a company of which Adam Kaye and Samuel Kaye are directors and in which both have interests. £nil was owed to Kropifko Properties Limited at the balance sheet date (2004: £nil).

During 2005, ASK paid a total of £0.1 million (2004: £nil) in rent and insurance to KLP Limited, a company of which Adam Kaye and Samuel Kaye are directors and in which both have interests. £nil was owed to KLP Limited at the balance sheet date (2004: £nil).

During 2005, ASK paid a total of £0.2 million (2004: £0.1 million) to Red Pepper Solutions, an organisation in which Andrew Fleet (who is a non-executive director of ASK Restaurants Limited, and is the husband of Jo Fleet) is the sole owner. These payments were for both hardware and software supplies together with the maintenance and licensing of the restaurant stock control system. £nil was owed to Red Pepper Solutions at the balance sheet date (2004: £0.1 million).

Harvey Smyth is a limited partner of PandoraExpress LP. In consideration for an investment of £312,504 (of which £50,000 is deferred) Mr Smyth has the following interests as at 26 June 2005:

(1) £312,504 fixed coupon 8% unsecured loan notes 2015 of PandoraExpress LP;

(2) The beneficial ownership of 1,019,049 ordinary shares in Gondola under the Partnership Plan (note 6);

(3) The right to receive 1.47 per cent. of receipts received by the partnership from PandoraExpress 2A and its subsidiaries (this increases to 4.41 per cent on flotation); and

(4) The right to receive 3.18 per cent. of receipts received by the partnership from PandoraExpress S.à r.l., a subsidiary of PandoraExpress LP (this increases to 9.53 per cent. on flotation).

Partnership Plan loans to and from directors and senior managers

Under the terms of the Partnership Plan scheme, loans may be granted to participants to purchase C ordinary shares in Gondola. These loans bear interest at 5 per cent. The following loans were outstanding as at 26 June 2005 (2004: nil; 2003: nil) owed by directors and senior management:

Harvey Smyth	£263,662
Julian Seaward	£95,662
Helen Burgess	£3,927
Mark Crawford	£3,927
Julie MacDonald	£3,927

In conjunction with, and in order to participate in the Partnership Plan scheme, certain directors and senior managers were asked to provide an interest free loan to Gondola in order to demonstrate their commitment to the Group. Each loan is repayable by Gondola in accordance with the relevant agreement between Gondola and the relevant directors and senior management.

The following loans were outstanding as at 26 June 2005 (2004: nil; 2003: nil) due from Gondola:

Adam Kaye	£396,687
Sam Kaye	£396,687
Martin Eckersley	£85,544
Jo Fleet	£34,068
Nigel Garfitt	£24,472
Neil Blows	£20,404
Jackie Freeman	£20,408
Simon Blagden	£12,735

30 Parent undertakings

At 29 June 2003, 27 June 2004 and 26 June 2005 the Group's ultimate parent undertaking was PandoraExpress LP, a limited partnership organised under the laws of England and Wales. The Directors consider that PandoraExpress LP is the Group's ultimate parent undertaking.

The partnership interests in PandoraExpress LP are held by TDR Capital and Capricorn. Accordingly, the Directors consider the Company's ultimate controlling parties to be TDR Capital and Capricorn.

31 Principal subsidiary undertakings

The principal subsidiary undertakings for the periods ended 29 June 2003, 27 June 2004 and 26 June 2005 were as follows:

	Note	Principal activity	Country of incorporation	Proportion of ordinary voting share held and interest in allotted capital
PizzaExpress Limited	(i)	Holding Company	UK	89.6%
PizzaExpress (Restaurants) Limited	(i)	Restaurants	UK	89.6%
Bookcash Trading Limited	(i)	Restaurants	UK	89.6%
PizzaExpress (Wholesale) Limited	(i)	Distribution	UK	89.6%
Agenbite Limited	(i)	Restaurants	Ireland	89.6%
PizzaExpress Merchandising Limited	(i)	Branded Sales	UK	89.6%
PizzaExpress (Jersey) Limited	(i)	Restaurants	Jersey	89.6%
PizzaExpress (Franchises) Limited	(ii)	Franchising	UK	100%
Café Pasta Limited	(ii)	Restaurants	UK	100%
PandoraExpress 2A Limited	(ii)	Restaurants	UK	100%
PizzaExpress (Holdings) B.V.	(iii)	Holding Company	Holland	100%
San Marzano SA	(iii)	Restaurants	Spain	100%
San Marzano S.à r.l.	(iii)	Restaurants	France	100%
PizzaExpress Japan Co Limited	(iii)	Restaurants	Japan	85%
ASK Central Limited	(iv)	Holding Company	UK	100%
ASK Restaurants Limited	(iv)	Restaurants	UK	100%
PandoraExpress 1 Limited		Holding Company	UK	100%
Gondola Finance Limited	(v)	Holding Company	UK	100%
Riposte Limited	(v)	Holding Company	UK	100%

(i) Minority interests hold 10.4 per cent. equity in PizzaExpress Limited, and hence the Group holds 89.6 per cent. of the equity in PizzaExpress Limited and all subsidiary undertakings.

(ii) These companies were sold by PizzaExpress Limited on 1 July 2003 to PandoraExpress 1 Limited and hence are 100 per cent. owned by the Group. It is the Group's intention to dispose of these subsidiaries to a related party.

(iii) These companies were sold by PizzaExpress Limited on 1 July 2003 to a related party.

(iv) These companies were acquired by the Group on 6 May 2004.

(v) These companies have been subsidiaries since their incorporation in April 2004.

32 Post balance sheet events

Since the balance sheet date the following activities have taken place:

- On 17 August 2005, 37,289 ordinary C shares were issued to new joiners of the employee Partnership Plan. The shares were issued for cash.

- On 20 October 2005, Hutton Collins Mezzanine Partners LP and Uberior Trading Limited exercised their warrants. A portion of the existing issued DDBs and unsecured loan notes were transferred to Hutton Collins, Mezzanine Partners LP and The Governor and Company of the Bank of Scotland in consideration for this exercise. Pursuant to these arrangements such DDBs and unsecured loan notes will be redeemed by Gondola Group Limited or purchased by Gondola Holdings plc for £5.6 million of cash upon the redemption for cash by Gondola Group Limited of DDBs and purchase for shares by Gondola Holdings plc of DDBs and unsecured loan notes held by TDR and Capricorn. £5.2 million was included within long term liabilities in respect of these amounts as at 26 June 2005.

- On 20 October 2005, the operations not to be included in the Group were divested to the ultimate parent undertaking PandoraExpress LP for £1.

- On 20 October 2005, Fidelity and M&G subscribed for 1,315,048 newly issued ordinary shares of 25 pence each in ASK Restaurants Limited, which represents 10.07 per cent of the issued share capital of that company. The total purchase price was £22.4 million.

- On 20 October 2005, Gondola Holdings plc entered into a term and revolving credit facility of £400 million in aggregate (the ''New Facility'') the availability of which is conditional upon, amongst other things, the admission of Gondola Holdings plc's ordinary shares to the Official List. The New Facility is guaranteed by Gondola Group Limited and certain of its subsidiaries.

- By a written resolution, passed on 2 November 2005, the shareholders of Gondola resolved to amend the Gondola Articles to subdivide each of the ordinary A shares and ordinary B Shares of Gondola into 2,000 ordinary A Shares and 2,000 ordinary B Shares respectively.

- By a written resolution, passed on 2 November 2005, the ordinary A shares, ordinary B shares and ordinary C shares were redesignated into ordinary shares of a single class.

- Under an agreement dated 2 November 2005, Gondola Holdings plc has agreed to acquire the entire issued share capital of Gondola Group Limited in consideration for the issue of shares of Gondola Holdings plc. Each ordinary share of Gondola Group Limited will be exchanged for 2 ordinary shares of Gondola Holdings plc.

- Gondola Holdings plc has acquired the right to call for the purchase of ASK DDBs and PE2 DDBs totalling £76.1 million (of which £70.1 million was a liability at the balance sheet date) and likewise assumed the obligation to purchase such instruments in each case in return for the issue of 22,791,133 ordinary shares of 25 pence each in Gondola Holdings plc pursuant to put and call option deeds dated 2 November 2005.

- Under an agreement dated 2 November 2005, Gondola Holdings plc has agreed to purchase £16.3 million Gondola Group Limited unsecured loan notes in return for the issue of 4,890,579 ordinary shares of 25 pence each in Gondola Holdings plc. The completion of this transaction is conditional only upon the prior completion of the acquisition of the PE2 DDBs described above.

- Under an agreement dated 2 November 2005, Gondola Holdings plc has agreed to purchase all the remaining Gondola Group Limited unsecured loan notes for cash. The completion of this transaction is conditional only upon Admission.

- Under an agreement dated 2 November 2005, Gondola Holdings plc has agreed to purchase shares held by Fidelity and M&G in ASK Restaurants Limited and PizzaExpress Limited in exchange for 13,561,987 shares in Gondola Holdings plc, plus £32.5 million Company Loan Notes. The completion of this transaction is conditional only upon the completion of the Gondola Group Loan Note transaction described above.

Section B: Accountants' Report and Special Purpose Restated Consolidated Financial Information for Gondola Group Limited in respect of the financial year ended 26 June 2005 prepared under IFRS

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3 November 2005

Dear Sirs

Gondola Group Limited — Special Purpose Restated Consolidated Financial Information for the financial year ended 26 June 2005

We report on the special purpose restated financial information set out on pages 112 to 148 of the prospectus dated 3 November 2005 of Gondola Holdings plc (the ''prospectus'') for the financial year ended 26 June 2005 (the ''2005 restated financial information''). This has been prepared in anticipation of the transition by Gondola Holdings plc to preparing consolidated financial statements using accounting standards endorsed for use by EU entities required to comply with Regulation EC 1606/2002 (''Accounting standards as adopted for use in the EU'') on the basis described in note 2, following the recommendations of the Committee of European Securities Regulators (''CESR'') for companies preparing one-year financial information for inclusion in prospectuses (CESR/05-054b). As set out in note 2, that basis may differ from the basis applicable if the 2005 restated financial information comprised the first financial statements of Gondola Group Limited under accounting standards as adopted for use in the EU and from the basis which will be adopted for the 52 weeks ended 26 June 2005 comparative financial information in Gondola Holdings plc's consolidated financial statements for the 53 weeks ending 2 July 2006 prepared for the first time under accounting standards as adopted for use in the EU. This report is required by item 20.1 of Annex I of the Prospectus Rules of the Financial Services Authority (the ''Prospectus Rules'') and is given for the purpose of complying with that item and for no other purpose.

Responsibility

The Directors of Gondola Holdings plc are responsible for preparing the special purpose restated consolidated financial information on the basis of preparation set out in note 2.

It is our responsibility to form an opinion on the special purpose restated consolidated financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the accounting principles used and significant estimates and judgments made by those responsible for the preparation of the financial information, and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the 2005 restated financial information gives, for the purposes of the prospectus a true and fair view of the state of affairs of Gondola Group Limited as at 26 June 2005 and of its loss, cash flows and changes in equity for the period then ended, in accordance with the basis set out in note 2.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f), we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with item 1.2 of Annex I and item 1.2 of Annex III of the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

Consolidated income statement for the 52 weeks ended 26 June 2005

	Note	Total
		£m
Turnover	6, 7	378.8
Cost of sales	7, 8	(296.5)
Gross profit		82.3
Other income	10	2.4
Administrative expenses	8	(31.2)
Analysed as:		
Administrative expenses (before exceptional items)	8	(17.0)
Exceptional items	8	(14.2)
Operating profit	6, 7	53.5
Finance income	11	1.4
Finance expense	11	(74.1)
Loss before tax		(19.2)
Taxation	12	11.0
Loss after tax		(8.2)
Attributable to:		
— Equity holders	26	(11.1)
— Minority interest	26	2.9
		(8.2)
Loss per share for loss attributable to the equity holders		
— Basic (pence)	13	(50.2)
— Diluted (pence)	13	(50.2)

All Group operations during the period are continuing operations.

Consolidated balance sheet at 26 June 2005

	Note	£m	£m
ASSETS			
Non-current assets			
Intangible assets	14	288.7	
Property, plant and equipment	16	198.4	
Trade and other receivables	18	9.6	
Total non-current assets			496.7
Current assets			
Inventories	17	9.5	
Trade and other receivables	18	22.2	
Cash and cash equivalents	19	28.1	
Total current assets			59.8
Total assets			556.5
LIABILITIES			
Current liabilities			
Trade and other payables	20	(68.6)	
Borrowings	21	(385.6)	
Corporation tax liabilities		(0.9)	
Total current liabilities			(455.1)
Non-current liabilities			
Borrowings and other liabilities	22	(200.4)	
Deferred tax liabilities	23	(33.1)	
Total non-current liabilities			(233.5)
Total liabilities			(688.6)
NET LIABILITIES			(132.1)
EQUITY			
Capital and reserves attributable to equity holders			
Called up share capital	25	—	
Share premium	25	1.3	
Retained earnings		(152.4)	
			(151.1)
Minority interest			19.0
TOTAL EQUITY			(132.1)

Consolidated cash flow statement for the 52 weeks ended 26 June 2005

	Note	*£m*	*£m*
Cash flow from operating activities			
Cash generated from operations	29	56.0	
Taxation received		0.8	
Net cash generated from operating activities			56.8
Cash flow from investing activities			
Purchases of property, plant and equipment		(22.4)	
Purchase of intangible assets		(0.3)	
Sale of property, plant and equipment		6.7	
Interest received		1.4	
Acquisition of PizzaExpress	29	(0.4)	
Acquisition of ASK	29	(3.1)	
Net cash used in investing activities			(18.1)
Cash flow from financing activities			
Proceeds from issuance of ordinary C shares		1.3	
Loans proceeds received		312.1	
Loans repaid		(362.4)	
Issue of loans to employees to acquire shares		(0.8)	
Receipt of loans from employees in connection with the Partnership Plan Scheme		1.0	
Redemption of loan notes		(4.4)	
Interest paid		(39.7)	
Issue costs of debt finance		(0.9)	
Transfer from restricted bank account		4.4	
Net cash used in financing activities			(89.4)
Net decrease in cash and cash equivalents			(50.7)
Cash and cash equivalents at beginning of period			77.6
Cash and cash equivalents at end of period	19		26.9

All Group operations during the period are continuing operations.

Consolidated statement of changes in equity for the 52 weeks ended 26 June 2005

	Share capital	Share premium	Retained earnings	Minority interest	Total Equity
	£m	*£m*	*£m*	*£m*	*£m*
Balance at 28 June 2004	—	—	(51.5)	16.1	(35.4)
Proceeds issuance of ordinary C shares (Note 25)	—	1.3	—	—	1.3
Net (loss)/profit for the period (Note 26)	—	—	(11.1)	2.9	(8.2)
Employee share options scheme:					
value of employee services provided (Note 28)	—	—	0.2	—	0.2
Appropriation (Note 26)	—	—	(90.0)	—	(90.0)
Balance at 26 June 2005	—	1.3	(152.4)	19.0	(132.1)

Gondola Group Limited

Notes forming part of the financial information for the 52 weeks ended 26 June 2005

1 General information

The principal activity of Gondola Group Limited (the ''Company'') and its subsidiaries (together the ''Group'') is operating restaurants.

The Company was incorporated in the United Kingdom on 18 July 2003 as a limited liability company. The address of its registered office is 20 High Street, St. Albans, Hertfordshire, AL3 4EL.

For the purposes of this financial information, references to ''TDR Capital'' are to TDR Capital LLP and funds managed by TDR Capital LLP, and references to ''Capricorn'' shall include Capricorn Ventures International Limited and its subsidiaries CV1 Limited and CV2 Limited.

2 Summary of significant accounting policies

Basis of preparation

Following admission to the Official List as a result of the ''Global Offering'', Gondola Holdings plc will become the Company's immediate parent undertaking and will be required to prepare statutory consolidated financial statements which comply with accounting standards as adopted for use in the EU in respect of its next financial period, commencing 27 June 2005, (the ''2006 financial statements'') and subsequently. In the 2006 financial statements, under IFRS 3 (Business Combinations), the acquisition of Gondola Group Limited by Gondola Holdings plc will be accounted for as a reverse acquisition and as such the consolidated financial statements of Gondola Holdings plc will therefore be a continuation of the Gondola Group Limited financial statements and comparative information presented in the 2006 consolidated financial statements of Gondola Holdings plc will be that of Gondola Group Limited.

As a company seeking admission, Gondola Holdings plc is required to present certain historical financial information in its prospectus on a basis consistent with the accounting policies to be adopted in its financial statements for its next financial period. Therefore, in addition to financial information for Gondola Group Limited under UK GAAP for the three financial periods ended 29 June 2003, 27 June 2004 and 26 June 2005, the directors of Gondola Holdings plc (the ''Directors'') have prepared financial information for Gondola Group Limited for the financial period ended 26 June 2005 (the ''2005 restated financial information'') on the basis expected to be applicable, insofar as this is currently known, to comparative information prepared for inclusion in the first financial statements of Gondola Holdings plc prepared in accordance with accounting standards as adopted for use in the EU.

When the 2006 financial statements of Gondola Holdings plc are prepared, they will be the first financial statements prepared by Gondola Holdings plc in accordance with accounting standards as adopted for use in the EU and as such will take account of the requirements and options in IFRS 1 (First-time Adoption of International Financial Reporting Standards) as they relate to the comparatives included therein being the period ended 26 June 2005.

Note 5 below describes how, in preparing the 2005 restated financial information, the Directors have applied accounting standards as adopted for use in the EU under the first-time adoption provisions set out in IFRS 1 and the assumptions they have made about the standards and interpretations expected to be effective and the policies they expect to adopt in the 2006 financial statements.

However, certain of the requirements and options in IFRS 1 relating to comparative financial information presented on first-time adoption may result in a different application of accounting policies in the 2005 restated financial information from that which would apply if the financial statements for the 52 weeks ended 26 June 2005 were the first financial statements of Gondola Group Limited prepared in accordance with accounting standards as adopted for use in the EU and, if there are subsequent changes to the standards or interpretations applicable to the 2006 financial statements of Gondola Holdings plc, the 2005 restated financial information may require adjustment before constituting the comparative financial information to be included in those 2006 financial statements. Furthermore, the Directors, in drawing up the 2006 financial statements, may refine the assumptions used in preparing the 2005 restated financial information with respect to the options in IFRS 1.

Gondola Holdings plc is not required by the Prospectus Rules of the Financial Services Authority to prepare, for inclusion in its prospectus, financial information in accordance with accounting standards as adopted for use in the EU for any financial period commencing before 1 January 2004. Accordingly, the Directors have elected not to prepare comparative amounts to accompany the 2005 restated financial information. As a result, this 2005

restated financial information does not include comparative financial information and is therefore not a complete set of financial statements in accordance with accounting standards as adopted for use in the EU.

The 2005 restated financial information has been prepared in accordance with the recommendations of CESR for the consistent implementation of the European Commission's Regulation on Prospectuses 809/2004 (CESR/05-054b) as to the presentation of one-financial period information in prospectuses for entities transitioning to accounting standards as adopted for use in the EU.

Development of the operations included in the Group

During the period 1 July 2002 to 18 June 2003, PizzaExpress Limited (''PizzaExpress'' — formerly PizzaExpress plc) was listed on the London Stock Exchange. On 18 June 2003, PandoraExpress LP acquired an indirect, controlling interest (being approximately 89.6 per cent. of the issued share capital) in PizzaExpress Limited, in a public to private transaction for £253.5 million through the bid vehicle, GondolaExpress PLC (the ''PizzaExpress Acquisition''). The PizzaExpress Acquisition was funded through an equity investment, senior and mezzanine credit facilities and deep discounted bonds.

The holding company of GondolaExpress PLC at that date was PandoraExpress 1 Limited. The ultimate parent undertaking of PandoraExpress 1 Limited is PandoraExpress LP, a UK limited partnership, whose limited partners are TDR Capital and Capricorn.

In April 2004, PandoraExpress LP acquired an off-the-shelf company, Riposte Holdings Ltd which in turn acquired an off-the-shelf company, Riposte Finance Ltd, which in turn acquired an off-the-shelf company, Riposte Limited.

On 6 May 2004, Riposte Limited acquired a controlling interest in ASK Central Limited (''ASK'') when the public offer for 100 per cent. of the issued capital of ASK (the ''ASK Acquisition'') was declared unconditional. The total value of the investment was £227.4 million. The ASK Acquisition was funded through a combination of senior and mezzanine debt and inter-company shareholder loans.

On 30 June 2004, as part of a group restructuring, PandoraExpress 1 Limited (including the underlying PizzaExpress business and the GondolaExpress PLC business with its senior and mezzanine debt and bond liabilities) was sold by PandoraExpress LP to Riposte Holdings Ltd in exchange for £90.0 million loan notes (see note 26). £90.0 million represented the increase in value of the underlying PizzaExpress business from 18 June 2003 to 30 June 2004 (the ''PandoraExpress 1 Reorganisation'').

On 1 July 2004, as part of a group restructuring, ASK acquired the ordinary shares of PizzaExpress from GondolaExpress PLC.

On 9 June 2005, Riposte Holdings Ltd and Riposte Finance Ltd were renamed as Altia Holdings Ltd and Altia Finance Ltd respectively. On 23 September 2005 these companies were renamed as Gondola Group Limited and Gondola Finance Limited, respectively.

The ASK Acquisition and the Reorganisation

With effect from 1 July 2004, ASK became the legal parent company of PizzaExpress, as described above. For consolidation purposes, it was decided that the relevant date of the acquisition is 6 May 2004, the date when the acquirer, deemed to be PizzaExpress, effectively obtained control of the acquiree (ASK), rather than 1 July 2004, the date of the internal group reorganisation. In the opinion of the directors, this form of presentation gives a true and fair view of the substance of the Group, its results and position.

First-time adoption of IFRS

In preparing this financial information, the Group has elected to apply certain exemptions available under IFRS 1 (First-time Adoption of International Financial Reporting Standards). These are set out in note 5.

Except as stated in note 5, the following principal accounting policies have been applied consistently in the preparation of this financial information:

Revenue recognition and cost of sales

Turnover is measured at the fair value of the consideration received or receivable and represents net invoiced sales of food and beverages, including royalties from retail sales and from franchisees but excluding value added tax. Turnover of restaurant services is recognised when the food and services have been provided. Wholesale income

is recognised on product delivery. Royalties on franchise and retail sales are included in turnover when due under the terms of the relevant agreements.

Volume related rebates receivable from suppliers are credited to the carrying value of the stock to which they relate. Where a rebate agreement with a supplier covers more than one year the rebates are recognised in the period in which they are earned.

Basis of consolidation

The financial information comprises a consolidation of the accounts of the Company and all its subsidiaries. The Group has no joint ventures or associate undertakings. The accounts of the Group's subsidiaries are made up to 26 June 2005.

Subsidiaries include all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which the Group has the power to control. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment, that are subject to risks and returns that are different from those of segments operating in other economic environments.

Internally reported business or geographical segments that exhibit similar long-term financial performances and are subject to similar risks and returns are combined as a single business or geographical segment.

Revenues and expenses are allocated to business segments based on the type of activity to which they relate. Assets and capital expenditure are allocated to particular business segments if they substantially relate to a single identifiable segment. Assets and capital expenditure that relate to a range of services falling under different business segments are reported as unallocated.

Foreign currency

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in sterling ("GBP"), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except where deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(c) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into pounds sterling as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates; and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, are taken to shareholders' equity. Cumulative translation differences at the date of transition, 28 June 2004, have been set to zero, as allowed by IFRS 1.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. On disposal of a foreign entity, accumulated exchange differences are recognised in the income statement in the same period in which the gain or loss on disposal is recognised.

Dividends

Equity dividends are recognised when they become legally payable. In the case of final dividends, this is when the dividends are approved by the shareholders at the AGM. However in the case of interim dividends, they are recognised when paid.

Borrowings

Borrowings are recognised initially at cost, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement in finance expense, over the period of the borrowings, using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Retirement benefit costs

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to the employee service in the current and prior periods.

Contributions to defined contribution pension schemes are charged to the income statement in the year to which they relate.

The Group does not participate in any defined benefit retirement schemes.

Financial instruments

In accordance with IFRS 1, (First-time Adoption of International Financial Reporting Standards), the Group has elected not to apply IAS 32, Financial Instruments: Disclosure and Presentation, and IAS 39, Financial Instruments: Recognition and Measurement to the period ended 26 June 2005 (Note 5.2). Accordingly, the Group has continued to apply UK GAAP in the accounting for and disclosure of financial instruments in that period.

The derivative instruments used by the Group to manage its currency risk are forward rate contracts. Forward currency contracts entered into with respect to trading transactions are accounted for as hedges, with the instruments' impact on profit not recognised until the underlying transaction is recognised in the income statement.

The derivative instruments used by the Group to manage its interest rate risk are interest rate swaps. Interest differentials under interest rate swap agreements are recognised in the income statement by adjustment of interest expense over the life of the agreement.

Share-based payments

The Group operates an equity-settled share-based compensation plan (the "Partnership Plan scheme"). The fair value of the employee services received in exchange for the award of shares is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares at the date awarded. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of shares that eventually vest. Market vesting conditions are factored into the fair value of the shares awarded. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

Leased assets

Finance Leases

Leases of property, plant and equipment in which the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property, plant and equipment or the present value of minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The corresponding rental obligations, net of finance charges, are included in other long-term payables. These payments are split between capital and interest elements using the annuity method. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Operating Leases

All other leases are classified as operating leases. Payments made under operating leases, net of lease incentives or premiums received, are charged to the income statement on a straight line basis over the period of the lease.

Rent free periods and contributions received from landlords towards the cost of additions to leased land and buildings are treated as deferred income and are amortised to the income statement evenly over the period of the lease.

Premium paid on the inception or extension of the lease is treated as a prepayment and charged to the income statement over the period of the lease.

Rental income from operating leases is recognised in the income statement on a straight-line basis over the term of the relevant lease.

Pre-opening costs

Pre-opening costs are expensed as incurred.

Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial information, except where the difference arises from:

- the initial recognition of goodwill;
- goodwill for which amortisation is not tax deductible;
- the initial recognition of an asset or liability in a transaction other than a business combination affecting neither accounting or taxable profit; and
- investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax is calculated using tax rates that are expected to apply to the period when the temporary differences reverse, based on rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment includes labour and overhead costs arising directly from the construction or acquisition of an item of property, plant and equipment.

Assets under construction comprise tangible fixed assets acquired for restaurants under construction, including costs directly attributable to bring the asset into use. Transfers to the appropriate category of property, plant and equipment are made when the restaurant opens.

No depreciation is provided on freehold land or assets under construction. On other property, plant and equipment depreciation is provided on the difference between the cost of an item and its estimated residual value in equal annual instalments over the estimated useful lives of the assets as follows:

Plant	20 per cent. per annum
Fixtures	10 per cent. per annum
Motor vehicles	25 per cent. per annum
Computer equipment	20-33 per cent. per annum

Short leasehold improvements are depreciated over the length of the lease except where the anticipated renewal or extension of the lease is sufficiently certain for a longer estimated useful life to be appropriate. Current legislation and the terms of the lease contracts are such that all of the leases are readily extendible by an additional 14 years. The maximum depreciation period for short-term leasehold properties is 30 years.

Other leasehold improvements that are not expected to have a useful life comparable to the terms of the lease are classified as fixtures and depreciated accordingly.

The cost of freehold properties and long leasehold improvements is amortised over the lesser of 50 years and the outstanding term of the lease.

Assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its recoverable amount.

Surpluses and deficits on disposals of property, plant and equipment are determined by reference to sale proceeds and net book values. These are recognised in the income statement.

Intangible assets

(a) Goodwill

Goodwill on acquisition of subsidiaries represents the excess of the cost of an acquisition over the fair value of the Group’s share of the net identifiable assets of the acquired subsidiary. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but tested annually for impairment, or when a triggering event occurs, and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. The Group has no investment in associates and joint ventures.

Goodwill is allocated on initial recognition to groups of cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group’s investment in a restaurant.

(b) Software and licences

Costs that are directly associated with the purchase and implementation of identifiable software products by the Group are recognised as intangible assets.

Expenditures that enhance and extend the benefits of computer software programmes beyond their original specifications and lives are recognised as a capital improvement and added to the original cost of the software.

Software is stated at cost less amortisation on a straight line basis over five years.

Impairment of non-financial assets

Impairment tests on goodwill are undertaken annually at the balance sheet date. Other non-current assets are reviewed whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognised for the amount by the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of fair value less cost to sell and value in use.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the smallest identifiable group of assets in which the asset belongs for which there are separately identifiable cash flows).

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost is based on the purchase cost on a first-in, first-out basis.

Trade receivables

Trade receivables are recognised and carried at the original transaction value and principally comprise amounts due from the credit card companies. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents include cash-in-hand, deposits held at call with banks and other highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and bank and short-term deposits. Cash balances held in restricted bank accounts as security for secured loan note borrowings are excluded from the definition of cash for purposes of the cash flow statement. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Provisions

Provisions comprise liabilities of uncertain timing or amount. Provisions are recognised when the Group has a present legal or constructive obligation arising as a result of past events, which is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Property provisions are recognised for unavoidable lease payments representing the difference between the rentals due and any income expected to be derived from the vacant properties being sub-let.

Legal provisions comprise legal fees and expected settlement costs.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the issue proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of acquisition as part of the purchase consideration.

Where any Group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

3 Financial risk management

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk, cash flow risk and interest rate risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Group under policies approved by the Board of Directors (the ''Board''). The Group identifies, evaluates and addresses financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest-rate risk, credit risk and the use of derivative financial instruments.

(a) Foreign exchange risk

The Group operates mainly in the UK and has a small subsidiary in Ireland and, as a result, the Group's balance sheet can be affected by movements in Euros. This currency exposure is not material as at the date of this report. Currency exposures are reviewed regularly.

Foreign exchange risk may arise from future commercial transactions as the Group purchases certain goods from European suppliers and during the period ended 26 June 2005 hedged these commitments by entering into forward foreign currency contracts for the purchase of Euros to minimise the impact of Euro fluctuation. The ongoing exposure to Euro purchases is minimal. However, the Group's policy will continue to be to hedge any significant currency exposure.

The finance function is responsible for managing the net position in each foreign currency.

(b) Credit risk

The Group has no significant concentrations of credit risk. The nature of the operations results in a large customer basis and a significant proportion of cash sales. The Group has policies that limit the amount of credit exposure to any financial institution.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims to maintain flexibility in funding by keeping a minimum specific amount of liquid resources available. The Group manages its exposure to liquidity risk through pre-funding of cash flow, maintaining a diversity of funding sources and spreading debt repayments over a range of maturities.

(d) Cash flow and interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. At 26 June 2005, 53.0 per cent. of borrowings were at fixed rates.

The Group manages its interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill

The Group tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (see Note 15).

The 28 June 2004 and 26 June 2005 impairment tests provide substantial headroom. Should the estimated gross margins have been 10% lower than management's estimates used in these calculations, the Group would still not need to reduce the carrying value of goodwill.

Additionally, should the revised estimated pre-tax discount rate applied to the discounted cash flows be 10% higher than management's estimate used in these calculations, the Group would also not need to reduce the carrying value of goodwill.

(b) Income taxes

The Group is subject to income taxes in UK and Ireland. At each period end, judgement is required in determining the provision for income taxes. The Group recognises liabilities for anticipated tax issues based on best estimates at the balance sheet date. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Share based payments

The company operates the Partnership Plan scheme (Note 28). Under the scheme, shares vest unconditionally with employees on and following an exit event as defined in the scheme (i.e. listing or trade sale). The share based payment expense is recognised in each period it is incurred, based on a simulation model. The key assumptions of this model are presented in Note 28.

Critical judgements

During the period ended 26 June 2005, there were no critical judgemental issues in applying the Group's accounting policies.

5 Transition to IFRS

5.1 Basis of transition to IFRS

The Group reported under UK GAAP in its previously issued set of consolidated financial statements for the financial period ended 26 June 2005. The Group will be required under the UK Listing Rules to report under IFRS for the 53 week period ending 2 July 2006 and present comparatives for the 52 week period ended 26 June 2005. Consequently, the Group's date of transition to IFRS is 28 June 2004, the first day of the 52 week period ended 26 June 2005.

5.2 Exemptions from full retrospective application elected by the Group

IFRS 1 provides a number of optional exemptions to the general principles of full retrospective application of IFRS. The Group elected to take advantage of the following optional exemptions from full retrospective application at the date of transition to IFRS:

- Business combinations — A first-time adopter may elect not to apply IFRS 3 "Business Combinations" retrospectively to business combinations that occurred before the date of transition to IFRS. The Group has elected to take advantage of this exemption. Business combinations that occurred before the date of transition have been consolidated in accordance with the appropriate UK Financial Reporting Standards. Any unamortised goodwill at 27 June 2004 has been recognised in the IFRS financial information at amortised cost, calculated in accordance with UK GAAP, after being tested for impairment at that date.
- Cumulative translation differences — A first-time adopter need not comply retrospectively with the requirement in IAS 21 "The Effects of Changes in Foreign Exchange Rates" to classify translation differences arising before the date of transition as a separate component of equity. A first-time adopter may instead reset the cumulative translation differences for all foreign operations to zero at the date of transition to IFRS. The Group has elected to take advantage of this exemption and to present only those exchange differences arising on the retranslation of foreign operations since 27 June 2004, to a separate component of equity.

- Financial instruments — In its first financial statements a first-time adopter need not restate the comparative information in compliance with IAS 32 "Financial Instruments: Disclosure and Presentation" and IAS 39 "Financial Instruments: Recognition and Measurement". The Group has elected to take advantage of this exemption. The Group will adopt IAS 32 and IAS 39 with effect from 27 June 2005. The most significant expected impacts on adopting these standards are set out below:

Financial Instruments

The Group is exposed to a number of different market risks. Derivative financial instruments are utilised by the Group to manage its interest rate risks.

The Group's policy will be to apply hedge accounting to hedging relationships where it is permissible under IAS 39, practical to do so, and where hedge accounting reduces volatility. Hedge accounting can only be applied if all the criteria for hedge accounting under IAS 39 are met. However, transactions that may be effective hedges in economic terms may not always qualify for hedge accounting under IAS 39. Where hedge accounting is not adopted for specific hedging relationships, movements in the fair value of the derivative instruments will be recognised in the income statement.

The main derivatives used are interest rate swaps used to convert elements of floating rate borrowings to fixed rates. In principle, these transactions would qualify as "cash flow hedges" of floating rate borrowings. To the extent that the hedge is deemed effective, the movement in the fair value of the derivative would be deferred in equity and released to the income statement as the cash flows relating to the underlying borrowing are incurred.

Embedded Derivatives

IAS 39 requires an entity to identify and separately account for embedded derivatives. Whilst the process of identification is not yet complete at this stage, management does not believe that there are embedded derivatives which are not clearly and closely linked to the underlying assets, liability or transaction and which will require bifurcation from the contract in which they are included.

5.3 Reconciliation of profit for the 52 weeks period ended 26 June 2005

The Group has prepared the reconciliation between the profit for the period ended 26 June 2005 recorded under UK GAAP and IFRS, 26 June 2005 being the last period reported under UK GAAP.

Profit and loss account reconciliation for the 52 weeks ended 26 June 2005

	Sub-note	UK GAAP	Effect of transition to IFRS	IFRS
		£m	£m	£m
Turnover		378.8	—	378.8
Cost of sales		(296.5)	—	(296.5)
Gross profit		82.3	—	82.3
Other income		2.4	—	2.4
Administrative expenses		(45.6)	14.4	(31.2)
Analysed as:				
Administrative expenses (before exceptional items)	i,ii,vii	(31.4)	14.4	(17.0)
Exceptional items		(14.2)	—	(14.2)
Operating profit		39.1	14.4	53.5
Finance income		1.4	—	1.4
Finance expense		(74.1)		(74.1)
Loss before tax		(33.6)	14.4	(19.2)
Taxation	iii,viii	7.1	3.9	11.0
Loss after tax		(26.5)	18.3	(8.2)

5.4 Reconciliations of equity as at 28 June 2004 and 26 June 2005

The Group has prepared reconciliations between the shareholders' equity recognised under UK GAAP and under IFRS as at 28 June 2004, the date of transition to IFRS, and as at 26 June 2005, the balance sheet date of the last UK GAAP accounts.

Equity reconciliation as at 28 June 2004

	Sub-note	UK GAAP	Effect of transition to IFRS	IFRS
		£m	£m	£m
ASSETS				
Non-current assets				
Intangible assets	v	288.2	0.3	288.5
Property, plant and equipment	iv,v	210.6	(11.2)	199.4
Trade and other receivables	iv	—	10.4	10.4
Total non-current assets		498.8	(0.5)	498.3
Current assets				
Inventories		12.6	—	12.6
Trade and other receivables	iv	15.4	0.5	15.9
Cash and cash equivalents		83.2	—	83.2
Total current assets		111.2	0.5	111.7
Total assets		610.0	—	610.0
LIABILITIES				
Current liabilities				
Trade and other payables		(84.8)	—	(84.8)
Borrowings		(302.2)	—	(302.2)
Corporation tax liabilities		(1.6)	—	(1.6)
Total current liabilities		(388.6)	—	(388.6)
Non-current liabilities				
Borrowings and other liabilities		(214.1)	—	(214.1)
Deferred tax liabilities	vi,viii	(23.0)	(19.7)	(42.7)
Total non-current liabilities		(237.1)	(19.7)	(256.8)
Total liabilities		(625.7)	(19.7)	(645.4)
NET LIABILITIES		(15.7)	(19.7)	(35.4)
EQUITY				
Called up share capital		—	—	—
Share premium		—	—	—
Retained earnings	vi,viii	(31.8)	(19.7)	(51.5)
Minority interest		16.1	—	16.1
TOTAL EQUITY		(15.7)	(19.7)	(35.4)

Equity reconciliation as at 26 June 2005

	Sub-note	UK GAAP	Effect of transition to IFRS	IFRS
		£m	*£m*	*£m*
ASSETS				
Non-current assets				
Intangible assets	i,v	273.4	15.3	288.7
Property, plant and equipment	iv,v	209.0	(10.6)	198.4
Trade and other receivables	iv	—	9.6	9.6
Total non-current assets		482.4	14.3	496.7
Current assets				
Inventories		9.5	—	9.5
Trade and other receivables	iv	21.7	0.5	22.2
Cash and cash equivalents		28.1	—	28.1
Total current assets		59.3	0.5	59.8
Total assets		541.7	14.8	556.5
LIABILITIES				
Current liabilities				
Trade and other payables	ii	(68.4)	(0.2)	(68.6)
Borrowings		(385.6)	—	(385.6)
Corporation tax liabilities		(0.9)	—	(0.9)
Total current liabilities		(454.9)	(0.2)	(455.1)
Non-current liabilities				
Borrowings and other liabilities		(200.4)	—	(200.4)
Deferred tax liabilities	iii,vi,viii	(17.3)	(15.8)	(33.1)
Total non-current liabilities		(217.7)	(15.8)	(233.5)
Total liabilities		(672.6)	(16.0)	(688.6)
TOTAL NET LIABILITIES		(130.9)	(1.2)	(132.1)
EQUITY				
Called up share capital		—	—	—
Share premium		1.3	—	1.3
Retained earnings	i,ii,iii,vi,viii	(151.2)	(1.2)	(152.4)
Minority interest		19.0	—	19.0
TOTAL EQUITY		(130.9)	(1.2)	(132.1)

5.5 Adjustments

Explanations of the adjustments made to the UK GAAP income statement and balance sheets are as follows:

Sub-note	Explanation
i	Under UK GAAP, goodwill has been amortised over its estimated expected useful life up to a maximum of 20 years. Under IFRS 3, goodwill is considered to have an indefinite life and so is not amortised, but is subject to annual impairment testing. Therefore the annual goodwill charge made under UK GAAP will not be recorded under IFRS from 28 June 2004, the IFRS transition date. The IFRS restatement results in a reduction in the 26 June 2005 amortisation charge of £14.8 million, thereby increasing operating profit and reducing retained loss. Net assets at 26 June 2005 are increased by the same amount.
ii	As part of the operating lease agreements for buildings, the Group received a number of lease incentives, in the form of free rental periods and compensations for leasehold improvements. Under IFRS, lease incentives are spread over the lease term. Under UK GAAP, they are spread over the shorter of lease term or the period until the first rent review. This has resulted in an increase in liabilities of £0.2 million at 26 June 2005 (28 June 2004: £nil) with a corresponding increase in lease expense (gross of tax effects) for the period then ended.
iii	The deferred tax effect of adjustment (ii) was a £0.1 million reduction in the liability at 26 June 2005 (28 June 2004: £nil) with a corresponding reduction in deferred tax expenses of £0.1 million for the period then ended.
iv	Under IFRS, lease premiums paid are recognised as an expense on a straight-line basis over the lease term. Under UK GAAP, the Group recognised these payments as part of tangible fixed assets, depreciating the cost over the lease period. The impact of the adjustment is an increase in prepayments of £10.1 million at 26 June 2005 (being £9.6 million non-current and £0.5 million current) (£10.9 million at 28 June 2004, being £10.4 million non-current and £0.5 million current) with a corresponding decrease in fixed assets of £10.1 million at 26 June 2005 (£10.9 million at 28 June 2004). In addition, £0.5 million of depreciation (under UK GAAP) has been reclassified as rental expense under IFRS for the period to 26 June 2005. There is no impact on profit or net assets as a result of this adjustment.
v	Software costs have been reclassified from within property, plant and equipment to intangible assets. The impact of the reclassification at 26 June 2005 was £0.5 million (£0.3 million at 28 June 2004). The software depreciation charge of £0.1 million recognised under UK GAAP during the period ended 26 June 2005 was reclassified as amortisation.
vi	The deferred tax adjustment associated with capital gains previously rolled over into newly acquired assets and payable when the acquired assets are disposed of was £2.3 million at 26 June 2005 (£2.3 million at 28 June 2004). No income statement effect was recognised during the period.
vii	Under UK GAAP, share-based awards are accounted for on an intrinsic basis. Under IFRS 2, an expense is recognised in the income statement for grants of equity instruments in relation to employee options. The expense recognised is based on the fair value of the shares or options at the date of grant and is recognised over the vesting period of the scheme. The additional profit and loss charge arising from the application of IFRS 2 is £0.2 million in the period ended 26 June 2005.
viii	Under IFRS, on a business combination, a deferred tax balance is recognised on the difference between the fair value of an acquired asset and its equivalent tax value. Under UK GAAP, as deferred tax is computed based on timing differences, no similar deferred tax effect is recognised for assets acquired through a business combination. This difference only impacts assets that are not eligible for any tax allowances. The effect of this difference is an additional deferred tax liability of £13.6 million recognised at 26 June 2005 (£17.4 million at 27 June 2004). A corresponding tax credit of £3.8 million is recognised in the income statement for the period ended 26 June 2005.

Cash flow statement for the 52 weeks ended 26 June 2005

The key changes to the cash flow statement include:

- presenting a statement showing movements in cash and cash equivalents, rather than just cash. Cash under UK GAAP comprised only amounts accessible in 24 hours without penalty less overdrafts repayable on demand. The components of cash equivalents are shown in note 19, and
- classifying tax cash flows as relating to operating activities.

6 Segment information

Based on an analysis of risks and returns, the Directors consider that the Group's activities are carried out under three identifiable business segments: restaurant services, wholesale food and franchise operations. No segmentation within restaurant services is considered to be appropriate, as all brands exhibit similar long-term financial performances and are subject to similar risks and returns.

The activities of the Group are carried out in a single geographical segment, UK and Ireland, subject to similar risks and rewards.

Consequently, the Group has considered business segmentation as the primary segmentation, with a single separately reportable segment, restaurant services. No geographical segmentation is disclosed, as the Group operates as a single geographical segment.

The segment results for the period ended 26 June 2005 were as follows:

	Restaurant services	Other segments	Total
	£m	£m	£m
Total gross turnover	366.9	45.3	412.2
Inter-segment sales	—	(33.4)	(33.4)
Turnover	366.9	11.9	378.8
Operating profit	50.4	3.1	53.5
Finance costs-net	(72.7)	—	(72.7)
Loss before tax	(22.3)	3.1	(19.2)
Taxation			11.0
Loss after tax			(8.2)

Other items included in the income statement are as follows:

	Restaurant services	Other segments	Total
	£m	£m	£m
Depreciation and amortisation	17.7	0.1	17.8
Impairment	1.7	—	1.7

The segment assets and liabilities at 26 June 2005 and capital expenditure for the period then ended were as follows:

	Restaurant services	Other segments	Unallocated	Total
	£m	£m	£m	£m
Total assets	255.8	11.4	289.3	556.5
Total liabilities	(87.1)	(4.7)	(596.8)	(688.6)
Capital expenditure	25.8	—	—	25.8

Unallocated items consists of Assets: goodwill (£288.2 million) and debtors (£1.1 million); and Liabilities: loans (£585.9 million) and other creditors (£10.9 million).

7 Operations affected by the Global Offering

From the total Group operations, the operations which will not be included in the Group following the Global Offering (Note 32) represent current trading restaurants and administrative costs of Café Pasta Limited, PandoraExpress 2A Limited and PizzaExpress (Franchises) Limited, where it has been decided that the operation will be sold to another company owned by TDR Capital and Capricorn. The results of the Group for the financial period ended 26 June 2005 can be analysed between operations to be included in the Group following the Global Offering and operations not to be included in the Group following the Global Offering as follows:

	Operations to be included in the Group following Global Offering	Operations not to be included in the Group following Global Offering	Total operations
	£m	*£m*	*£m*
Turnover	371.3	7.5	378.8
Cost of sales	(288.6)	(7.9)	(296.5)
Gross profit/(loss)	82.7	(0.4)	82.3
Other income	2.4	—	2.4
Administrative expenses	(30.8)	(0.4)	(31.2)
Operating profit/(loss)	54.3	(0.8)	53.5

The balance sheet as at 26 June 2005 can be analysed as follows:

	Operations to be included in the Group following Global Offering	Operations not to be included in the Group following Global Offering	Total operations
	£m	*£m*	*£m*
ASSETS			
Intangible assets	288.7	—	288.7
Property, plant and equipment	198.0	0.4	198.4
Trade and other receivables	9.6	—	9.6
Total non-current assets	496.3	0.4	496.7
Current assets			
Inventories	9.3	0.2	9.5
Trade and other receivables	21.0	1.2	22.2
Cash and cash equivalents	25.3	2.8	28.1
Total current assets	55.6	4.2	59.8
Total assets	551.9	4.6	556.5
LIABILITIES			
Current liabilities			
Trade and other payables	(67.4)	(1.2)	(68.6)
Borrowings	(385.6)	—	(385.6)
Corporation tax liabilities	(0.9)	—	(0.9)
Total current liabilities	(453.9)	(1.2)	(455.1)
Non-current liabilities			
Borrowings and other liabilities	(200.4)	—	(200.4)
Deferred tax liabilities	(33.1)	—	(33.1)
Total non-current liabilities	(233.5)	—	(233.5)
Total liabilities	(687.4)	(1.2)	(688.6)
NET ASSETS/(LIABILITIES)	(135.5)	3.4	(132.1)

8 Operating expenses by nature

Analysis of operating expenses, according to their nature is presented below:

	£m
Employee benefit expenses (see Note 9)	124.9
Cost of inventories expensed	81.2
Operating lease expenses — minimum lease payments	35.8
Rental income	(1.7)
Repairs and maintenance	6.3
Audit fees	0.2
Depreciation of property, plant and equipment	15.7
Impairment of tangible fixed assets	1.7
Amortisation of software	0.1
Other operating expenses	49.3
Operating expenses (before exceptional items)	313.5
Exceptional items	
Costs in relation to reorganisation of Group supply chain	6.0
Accelerated depreciation of tangible fixed assets	2.0
Costs incurred on acquisition of ASK	4.7
Other exceptional costs	1.5
	14.2
Operating expenses	327.7
Classified as:	
Cost of sales	296.5
Administrative expenses	31.2
	327.7

In addition to the group audit fee of £0.2 million, fees of £0.1 million were paid to the Company's auditors in respect of tax compliance services, and £0.2 million in relation to the ASK Acquisition.

During the period ended 26 June 2005, £6.0 million of the exceptional costs were incurred in relation to the reorganisation of the Group's supply chain process in respect of the distribution of food products to the restaurants which resulted in the closure of the warehousing business. As a result of the reorganisation of the Group's supply chain, a decision has been taken by the Group to relocate the PizzaExpress head office. Accelerated depreciation (representing a change in useful life) of £2.0 million has been recorded against tangible fixed assets at head office.

Other exceptional costs of £1.5 million include £0.6 million relating to an aborted bond issue, £0.3 million in establishing a management equity scheme and £0.6 million in relation to loyalty bonuses and research costs incurred as a result of the acquisition of ASK by Gondola. Costs incurred on acquisition of ASK of £4.7 million are professional fees incurred in connection with researching the acquisition and researching and negotiating the sources of finance for the acquisition.

9 Employee benefit expenses

	£m
Staff costs (including directors) comprise:	
Wages and salaries	115.4
Short-term non-monetary benefits	0.7
Defined contribution pension cost	0.4
Partnership Plan scheme expense (Note 28)	0.2
Social security costs	8.2
	124.9

Short-term non-monetary benefits consist of car leasing costs, health insurance and staff entertaining/gifts. The total staff costs of £124.9 million are split between cost of sales (£115.1 million) and administrative expenses (£9.8 million).

The average number of persons employed by the Group during the period was:

	Number
Restaurant and distribution	10,560
Administration	181
	10,741

Key management compensation

	£m
Wages and salaries	1.4
Company contributions to money purchase pension schemes	—
Share based payment expense	0.2
	1.6

Key personnel for the purposes of this disclosure comprises the directors of Gondola Holdings plc and the members of the operating boards of PizzaExpress Limited and ASK Limited.

Directors Remuneration

The disclosures relate to the directors of Gondola and the directors of PizzaExpress and ASK who will be directors of Gondola Holdings plc.

During the period ended 26 June 2005 Messrs. Manjit Dale, Robert 't Hooft, Charles Luyckx and Stephen Robertson received no remuneration from the Group in respect of their roles as Directors. No director waived any emoluments in the period ended 26 June 2005. The individual remuneration of PizzaExpress and ASK directors, who will be directors of Gondola Holdings plc are disclosed below.

Aggregated directors emoluments, already included in key management compensations are:

	£m
Aggregate emoluments	0.8

The Group does not operate a defined benefit pension scheme. Directors are responsible for their own pension arrangements and any contributions by the Group are made directly into these individual personal pension plans schemes.

Individual directors' emoluments

Period ended 26 June 2005	Salaries and fees	Benefits in kind	Annual bonus	Pension contribution	Share-based payment	Total
	£	£	£	£	£	£
Director						
Harvey Smyth	150,000	649	195,577	—	181,823	528,049
Jo Fleet	134,500	614	60,000	24,240	1,816	221,170
Julian Seaward	5,600	—	—	—	43,243	48,843

Bonuses comprise annual cash bonuses and benefits in kind comprise private medical insurance.

Interest in shares

The interest of the directors in the shares of the Company and other companies within the Group were:

Gondola — ordinary C shares of £0.005 each	As at 26 June 2005 Shares
Harvey Smyth	1,019,049
Jo Fleet	102,610
Julian Seaward	369,490

All directors' interests are beneficially held. There has been no change in the interests set out above post period end. For details of restrictions applicable to shares see Note 25.

Manjit Dale and Julian Seaward may be deemed to be interested in 100 A ordinary shares in the Company, as a result of their affiliation with TDR Capital, and in a proportion of 10,000 C ordinary shares in the Company, through TDR's interest in PandoraExpress LP.

Robert 't Hooft may be deemed to be interested in 100 B ordinary shares in the Company, as a result of his affiliation with Capricorn and its related funds, and in a proportion of 10,000 C shares in the Company, through Capricorn's interest in PandoraExpress LP.

10 Other income

	£m
Profit on disposal of fixed assets	2.4

During the period ended 26 June 2005, the Group disposed of some tangible fixed assets previously fully provided against for proceeds of £0.7 million. During the same period, the Group also acquired and disposed of three freehold properties for a net profit of £1.6 million under a sale and leaseback arrangement. Profit on disposal of other assets in the period was £0.1 million.

11 Finance costs

	£m	£m
Finance income		
Bank interest	(1.4)	
		(1.4)
Finance expense		
Interest on loans		
— Loan notes — secured	0.2	
— Bank loans — senior facilities	23.6	
— Bank loans — mezzanine facility	9.1	
— Bank loans — senior lien	1.9	
— Deep discount bonds	14.1	
— Unsecured loan notes — 16%	14.4	
Amortisation of debt issue costs on bank loan	10.3	
Other interest	0.5	
		74.1
		72.7

12 Taxation

	£m	£m
Current tax credit		
UK corporation tax and income tax of overseas operations on profits for the period	(2.3)	
Adjustment for over provision in prior periods	0.9	
		(1.4)
Deferred tax credit		
Origination and reversal of temporary differences	(9.2)	
Over-provision in respect of prior years	(0.4)	
		(9.6)
Total tax credit		(11.0)

The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the UK applied to profits for the period are as follows:

	£m
Loss before tax	(19.2)
Expected tax charge based on the standard rate of corporation tax in the UK of 30 per cent.	(5.8)
Expenses not deductible for tax purposes	—
Effect of overseas tax at lower rate	(0.2)
Effect of losses not recognised	(1.6)
Depreciation in excess of capital allowances resulting from disclaimed capital allowances	5.3
Tax adjustments relating to non-qualifying assets from acquisition (note 5.5.viii)	(3.8)
Adjustments to tax in respect of prior periods	0.9
Origination and reversal of temporary differences	(5.4)
Over-provision in respect of prior years	(0.4)
	(11.0)

13 Loss per share for loss attributable to the equity holders

The calculation of the basic and diluted loss per ordinary share has been based on the loss for the 52-week period ended 26 June 2005 and 22,095,492 shares, being the weighted average number of shares of Gondola, after taking into account the restructuring of the existing share capital on 2 November 2005.

	£m
Numerator	
Loss attributable to shareholders	(11.1)
	Millions
Denominator	
Weighted average number of shares	22.1
Basic loss per share (pence per share)	(50.2)
Diluted loss per share (pence per share)	(50.2)

Supplementary loss per share

The calculation of the basic and diluted supplementary loss per ordinary share has been based on the loss for the 52-weeks ended 26 June 2005 and 44,190,983 shares being the weighted average share capital of Gondola Holdings plc prior to the Global Offer after taking account of the restructuring of the existing share capital of Gondola on Admission. The weighted average share capital reflects the issue of new share capital to employees on 28 February 2005.

	£m
Numerator	
Loss attributable to shareholders	(11.1)
	Millions
Denominator	
Weighted average number of shares	44.2
Supplementary loss per share	
Basic loss per share (pence per share)	(25.1)
Diluted loss per share (pence per share)	(25.1)

14 Intangible assets

	Software costs	Goodwill	Total
	£m	*£m*	*£m*
Cost			
At 28 June 2004	0.3	288.2	288.5
Additions	0.3	—	0.3
At 26 June 2005	0.6	288.2	288.8
Amortisation			
At 28 June 2004	—	—	—
Amortisation charge for the period	(0.1)	—	(0.1)
At 26 June 2005	(0.1)	—	(0.1)
Net book value			
At 26 June 2005	0.5	288.2	288.7
At 27 June 2004	0.3	288.2	288.5

15 Impairment of goodwill

Details of goodwill allocated to groups of cash-generating units for which the amount of goodwill so allocated is significant in comparison to total goodwill are as follows:

	£m
PizzaExpress sub-group	134.2
ASK sub-group	154.0
	288.2

The assumptions relating to the value in use calculations are common to both groups of cash-generating units. Recoverable amounts for the 52 weeks ended 26 June 2005 of the above groups of cash-generating units have been determined from value in use calculations based on cash flow projections from formally approved budgets covering the three-year period to June 2008, the assumptions being the same for each cash-generating unit. Major assumptions are as follows (EBITDA growth rate applies only to the period beyond the formal budgeted period with the value in use calculation based on an extrapolation of the budgeted cash flows):

	PizzaExpress	ASK
	(per cent.)	*(per cent.)*
Discount rate	13.0-13.5	13.0-13.5
EBITDA growth rate	2.5	2.5
Risk-free rate	4.5	4.5

The discount rate represents management's best estimate of the weighted average cost of capital, taking into account the expected level of debt and equity. It also indicates a small company/specific risk premium.

EBITDA growth rates in the first three years are derived from the management budgets for those periods, which contain a cumulative annual growth rate of 8.0 per cent. for PizzaExpress and 13.7 per cent. for ASK. Beyond the first three years the growth rate of 2.5 per cent. is based on economic data pertaining to the UK.

The impairment review of goodwill relating to the PizzaExpress sub-group at 27 June 2004 was based on the same key assumptions as at 26 June 2005. As the ASK sub-group was only acquired shortly before 27 June 2004, the impairment review of goodwill relating to the ASK sub-group was based on fair value less costs to sell.

As at 26 June 2005 and 27 June 2004, an impairment of goodwill has not been required.

16 Property, plant and equipment

	Assets under construction	Freehold and long leasehold improvements	Short leasehold improvements	Plant fixtures, and motor vehicles	Total
	£m	*£m*	*£m*	*£m*	*£m*
Cost					
At 28 June 2004	2.5	4.0	165.6	37.4	209.5
Additions	5.5	3.1	9.2	5.5	23.3
Transfers	(5.4)	(1.8)	6.0	1.2	—
Disposals	—	(4.0)	—	(0.9)	(4.9)
At 26 June 2005	2.6	1.3	180.8	43.2	227.9
Depreciation					
At 28 June 2004	—	0.2	4.0	5.9	10.1
Charge for the period	—	0.1	7.8	7.8	15.7
Transfers	—	(0.2)	0.2	—	—
Disposal	—	—	—	—	—
Impairment loss	—	—	1.7	—	1.7
Accelerated depreciation (note 8)	—	—	1.9	0.1	2.0
At 26 June 2005	—	0.1	15.6	13.8	29.5
Net book value					
At 26 June 2005	2.6	1.2	165.2	29.4	198.4
At 27 June 2004	2.5	3.8	161.6	31.5	199.4

The impairment loss of £1.7m on tangible fixed assets arose in connection with a number of loss making restaurants and was necessary to write down the property, plant and equipment relating to those restaurants to their estimated recoverable amount of £nil.

No accumulated depreciation arose on disposals arising in the period ending 26 June 2005 as all material assets disposed were related to sale and leasebacks of fixed assets that were only consolidated into the Group from 6 May 2004 on the acquisition of ASK, being recorded at fair value at that date, and subsequently attracted minimal annual depreciation charge.

A floating charge is in place over all assets of the Company and a number of its subsidiaries in relation to senior facilities and second lien debt (Note 21).

17 Inventories

	£m
Raw materials and consumables	9.5

18 Trade and other receivables

	£m
Trade debtors	9.1
Other debtors	1.1
Amounts due from ultimate parent undertaking (note 30)	0.3
Operating lease premiums	10.1
Prepayments and accrued income	11.2
	31.8
Less non current portion: operating lease premiums	(9.6)
Current portion	22.2

Prepayments consists mainly of prepaid rent (i.e. lease premium paid) amounting to £7.6 million.

19 Cash and cash equivalents

	£m
Cash at bank and in hand	23.9
Short-term deposits	3.0
Cash and cash equivalents for cash flow purposes	26.9
Restricted cash	1.2
	28.1

The restricted cash relates to amounts held on deposit as security for secured loan notes with £1.2 million on deposit with The Royal Bank of Scotland as security for Riposte Limited secured loan notes (see Note 21).

20 Trade and other payables

	£m
Trade creditors	15.1
Other creditors	17.9
Other taxation and social security	13.8
Accruals and deferred income for operational expenditure	21.8
	68.6

21 Borrowings — current liabilities

	£m
Loan notes — Secured	1.2
Bank loans — Senior facilities	343.6
Bank loans — Second lien	40.8
	385.6

Secured Loan Notes

On 6 May 2004 Riposte Limited issued £5.6 million of £1 par value secured loan notes as part of the consideration paid to shareholders on the ASK Acquisition. There were no costs associated with the issue of these loan notes.

The payment of principal on the loan notes was guaranteed by The Royal Bank of Scotland plc and an amount of £5.6 million was held on deposit. These loan notes bear interest at a rate of 0.5 per cent. below LIBOR for six-month sterling deposits.

The loan notes are redeemable at par at the holder's option on any interest payment date, which is set at 31 May and 30 November in any year. Unless previously redeemed, the loan notes will be redeemed by Riposte Limited on 30 November 2007.

As at 26 June 2005, the unredeemed loan notes amount to £1.2 million, which are secured by a deposit of £1.2 million included in cash at bank and in hand in the balance sheet as at 26 June 2005 (Note 19).

Senior Facilities

On 13 February 2004, Riposte Limited entered into a borrowing facility to finance the purchase of ASK and the purchase of PizzaExpress by ASK.

The loans are syndicated with HSBC plc, Lehman Brothers Bankhaus AG, London branch and The Royal Bank of Scotland plc as the mandated lead arrangers and carry interest at varying rates above LIBOR, interest being payable in arrears at time periods of one, three or six months as agreed in advance.

The loans were partially drawn down on 19 May 2004 to facilitate the purchase of ASK, partially on 1 July 2004 to facilitate the refinancing of the debt arising on the PizzaExpress Acquisition and the remainder on 31 January 2005 to replace the mezzanine loan (see below). On 31 January 2005, additional borrowings were agreed with the syndicate in the form of a fourth D loan.

A loan: £135.5 million loan. This loan carries interest at 2.25 per cent. above LIBOR. This loan is repayable at six month intervals, maturing in 2012.

B loan: £75.0 million loan. This loan carries interest at 2.75 per cent. above LIBOR. This loan matures and is payable in full in 2011.

C loan: £75.0 million loan. This loan carries interest at 3.25 per cent. above LIBOR. This loan matures and is payable in full in 2012.

D loan: £50 million loan. This loan carries interest at 3.75 per cent. above LIBOR. This loan matures and is payable in full in 2014.

The Senior Facilities also provided a short-term revolving facility, at the time of the ASK Acquisition, which carries interest at market rates and was redeemed on 2 July 2004. The balance outstanding at 27 June 2004 was £0.4 million.

The initial costs of these loans totalled £13.2 million, which has been amortised over the period from drawdown of the loan to the anticipated repayment in advance of the Global Offer. In order to show the Group's net borrowings the loan and the initial costs have been offset.

The unamortised amount of these costs was £2.3 million as at 26 June 2005. Interest accrued on the Senior Facilities was £10.3 million at 26 June 2005.

Although the loans mature in a period beyond one year, the terms of the loans require that the debt is restructured prior to any flotation, and hence, for the purposes of this report, the debt is all shown under current liabilities.

Second Lien Loan

On 31 January 2005 Riposte Limited borrowed £40.0 million from a syndicate of banks with The Royal Bank of Scotland plc as mandated lead arranger. This loan was utilised, together with senior debt (D loan) contracted at the same time, to repay earlier mezzanine facilities.

Interest accrues at a margin over LIBOR depending on the debt ratio of the group. The current interest rate is 7.0 per cent. over LIBOR. This will reduce to 6.5 per cent. over LIBOR provided that the net debt to EBITDA ratio falls below 3.65:1. Interest is payable in arrears and may be paid in periods of either three or six months at the choice of the borrower. Interest accrued at 26 June 2005 amounted to £0.8 million.

The debt has a maturity date of 2015, but is repayable in the event of a flotation, and is therefore shown as repayable within one year for the purposes of this report. The Group will use advances under the new facility to repay the debt on Admission.

22 Borrowings and other liabilities — non current

	£m
Deep discounted bonds	95.9
Unsecured loan notes — 16 per cent.	104.4
Other creditor	0.1
	200.4

Deep Discounted Bonds

Acquisition of PizzaExpress

On 1 July 2003, PandoraExpress 2 Limited issued 2,796,577 £100 deep discounted bonds ("DDBs") at an issue price of £21.4548 each. The maturity date of the bond was 2013. The original subscriber was PandoraExpress LP. On 25 January 2004 1,147,517 of these bonds were redeemed. The remaining bonds were assigned to TDR Capital Nominees Limited and Capricorn on 17 May 2004. PandoraExpress 2 Limited novated the remaining bonds to Gondola on 18 May 2004. The bonds accrue interest at an annual compound rate of 16.64 per cent.

Acquisition of ASK

On 18 May 2004, Gondola Group Limited issued 2,689,684 £100 DDBs at an issue price of £14,755 each. The maturity date of this bond is 2015. The bonds accrue interest at an annual compound rate of 19 per cent. The original subscribers to these bonds were TDR Capital Nominees Limited and CV1 Limited.

Unsecured loan notes

On 30 June 2004 Gondola issued £90.0 million of £1 unsecured loan notes as consideration for the acquisition of PandoraExpress Limited from PandoraExpress LP. These loan notes were assigned by PandoraExpress LP to TDR Capital Nominees Limited and Capricorn on 30 June 2004. Interest accrues at an annual compound rate of 16 per cent. over the period of the loan notes. The maturity date of the loan notes is in 2015. These loan notes were outstanding at 26 June 2005.

23 Deferred tax liabilities

The components of deferred tax liability at 26 June 2005 were as follows:

	Accelerated capital allowances	Other temporary differences	Total
	£m	*£m*	*£m*
At 28 June 2004	40.5	2.2	42.7
Credited in the period (note 12)	(9.6)	—	(9.6)
At 26 June 2005	30.9	2.2	33.1

As at 26 June 2005, the Group had unrecognised deferred tax assets of £0.7 million arising from accelerated capital allowances, and £4.7 million arising from tax losses. The directors believe that it is unlikely that these assets will be utilised in the near future.

The deferred tax liability includes an amount of £13.6 million, which relates to assets that are not eligible for any tax allowances and which were acquired as part of a business combination before the date of transition to IFRS.

This adjustment does not affect reserves in the individual entity's books, and therefore has no impact on the ability of the company to pay dividends. The deferred tax liability balance will be released to the income statement as the assets in question are depreciated or disposed of. The recognition of this liability does not indicate any increase in future cash tax payable, but does result in a reduction in the tax charge in future periods as the balance unwinds.

24 Financial instruments

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all of the following disclosures, other than the currency risk disclosures.

Interest rate risk profile of financial liabilities

The interest rate risk profile of the Group's financial liabilities at each period end, after taking account of the interest rate swap contracts used to manage the interest and currency profile was as follows:

Sterling — Borrowings	***£m***
Fixed rate	310.3
Floating rate	275.6
	585.9

All the Group's creditors falling due within one year (other than bank and other borrowings) are excluded from the above tables either due to the exclusion of the short-term items or because they do not meet the definitions of a financial liability, such as tax balances.

The effect of the Group's interest rate swaps is to classify £110.0 million of sterling floating rate borrowings in the above table as fixed rate.

Weighted Average Interest Rates — Fixed Rate Borrowings

	Per cent
Weighted Average Interest Rates — Senior Facilities (A, B, C, D) (hedged element)	
In one year or less, or on demand (weighted average period for which rate is fixed is less than one year)	5.33
Weighted Average Interest Rates — DDBs	
More than five years (weighted average period for which rate is fixed is 10 years)	17.8
Weighted Average Interest Rates — Unsecured loan	
More than five years (weighted average period for which rate is fixed is 10 years)	16.0

Interest Rate Risk of Financial Assets
Sterling — Cash deposits

	£m
Fixed rate	3.0
Floating rate	18.3
No interest	6.8
	28.1

The Group has no financial assets, excluding short-term debtors, other than sterling cash deposits of £28.1 million which are part of the financing arrangements of the Group. The sterling cash deposits comprise amounts placed on immediate access deposit. The fixed rate cash deposits in sterling are placed with banks on a seven-day rolling basis and earn interest at 4.67 per cent. Floating rate cash earns interest based on LIBOR and is available on demand. Cash deposits earning no interest comprise cash in hand and is available on demand.

Currency exposures

At 26 June 2005 the Group had Euro-denominated current liabilities that were not denominated in sterling, being the functional currency of the relevant Group company of less than £0.1 million. Other than this, the Group had no material net foreign currency monetary assets and liabilities that were not denominated in the functional currency of the relevant Group company involved.

Borrowing facilities

The Group had an undrawn committed revolving facility of £20.0 million at 26 June 2005 in respect of which all conditions precedent had been met. The facility is tied to the Senior A loan banking facility which is due to expire in 2012. The facility, if utilised, would carry interest at a variable market rate. The unused facility incurs commitment fees at LIBOR plus 2.25 per cent. The unused facility incurs commission fees at 0.75 per cent. The group has no uncommitted borrowing facility at 26 June 2005.

Maturity of financial liabilities

Borrowings are repayable as follows:

Bank Debt — Senior Facilities

	£m
In one year or less, or on demand	343.6

Secured Loans

	£m
In one year or less, or on demand	1.2

Bank Debt — Second Lien

	£m
In one year or less, or on demand	40.8

Deep Discounted Bonds

	£m
More than five years	95.9

Unsecured Loan Notes

	£m
More than five years	104.4
	104.4

Fair values of financial assets and financial liabilities

The following table provides a comparison by category of the carrying amounts and the fair values of the Group's financial assets and financial liabilities at the period end. Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest. Where available, market values have been used to determine fair values. Where market values are not available, fair values have been calculated by discounting expected cash flows at prevailing interest rates. Set out below the table is a summary of the methods and assumptions used for each category of financial instrument.

	Book value	Fair value
	£m	£m
Loan notes — secured	(1.2)	(1.2)
Short-term bank loans — senior facilities	(343.6)	(343.6)
Short-term bank loans — Second lien	(40.8)	(40.8)
Deep discounted bonds	(95.9)	(94.5)
Unsecured loan notes	(104.4)	(107.8)
Cash deposits	28.1	28.1
Derivative financial instrument held to manage the interest rate profile		
Interest rate swaps	—	(1.9)
At 26 June 2005	(557.8)	(561.7)

Summary of Methods and Assumptions

The fair value of the secured loan notes which are repayable on demand approximates to the carrying amount due to the short maturity of these instruments.

The fair value of short term bank borrowings and cash deposits approximates to the carrying value reported due to the short maturity of these instruments.

The fair value of long term bank loans — senior facilities approximates to the carrying value reported in the balance sheet as they bear interest at floating rates, where payments are reset to market rates at intervals of less than one year.

Deep discounted bonds and unsecured loans are liabilities which are not traded in an open market. They are particularly sensitive to the discount rate used, as the principal and the total interest compounded are repayable in one lump sum at the end of the period. In order to estimate the fair value of these liabilities, the expected future cash flows were discounted at estimated rates specific to each liability and determined through the consideration of a number of factors including changes in the market since issue.

The fair value of the interest rate swaps is calculated as the potential termination cost of the swap as at the balance sheet date.

Hedges

The Group's policy is to hedge the interest rate risk using interest rate swaps. The table below shows the extent to which the Group has off-balance sheet (unrecognised) gains and losses in respect of financial instruments used as hedges at the end of the year. It also shows the amount of those gains and losses which are expected to be included in next year's or later profit and loss accounts.

All the gains and losses on the hedging instruments are expected to be matched by losses and gains on the hedged transactions or positions. No forward currency contracts are outstanding at each period end. There are no deferred gains or losses at each balance sheet date.

	Unrecognised		
	Gains	Losses	Total
	£m	£m	£m
Arising in the period ended 26 June 2005	—	(1.9)	(1.9)
Gains and losses on hedges at 26 June 2005	—	(1.9)	(1.9)
To be recognised in 2005/2006	—	(1.0)	(1.0)
To be recognised thereafter	—	(0.9)	(0.9)
At 26 June 2005	—	(1.9)	(1.9)

25 Share capital

Gondola Group Limited

	Authorised	
	Number	£
Ordinary A shares of £1 each	100	100
Ordinary B shares of £1 each	100	100
Ordinary C shares of £0.0005 each	26,000,000	13,000
		13,200

	Issued and fully paid	
	Number	£
Ordinary A shares of £1 each		
At beginning and end of the period	100	100
Ordinary B shares of £1 each		
At beginning and end of the period	100	100
Ordinary C shares		
At beginning of the period 10,000 share of £1 each	10,000	10,000
Subdivision of existing shares into shares of £0.0005 each	20,000,000	10,000
Issue of 5,186,210 shares of £0.0005 each	5,186,210	2,593
At end of the period	25,186,210	12,593

By a written resolution of the shareholders of Gondola, passed on 25 February 2005, the shareholders of Gondola resolved amongst other things:

- to sub-divide each of the existing ordinary C shares into 20,000,000 ordinary C shares of £0.0005 each;
- to increase the authorised share capital of Gondola to £13,200, divided into 100 ordinary A shares of £1 each, 100 ordinary B shares of £1 each and 26,000,000 ordinary C shares of £0.0005 each by the creation of an additional 6,000,000 ordinary C shares of £0.0005 each; and
- to amend the Gondola Articles to recognise that the authorised share capital of Gondola at the date of the adoption of the Gondola Articles should be £13,200 divided into 100 ordinary A shares of £1 each, 100 ordinary B shares of £1 each and 26,000,000 ordinary C shares of £0.0005 each.

5,186,210 ordinary C shares of £0.0005 each were issued on 28 February 2005 to various employees under the Partnership Plan scheme. These shares are beneficially owned and will have the right to be converted into shares of Gondola Holdings plc. Share premium of £1.3 million arose as a result of this share issue.

Employees participating in the Partnership Plan are issued ordinary C shares at market value on acquisition. As beneficial owners of the shares, employees retain an unfettered right to distributions on a winding up, and are exposed to fluctuation in share price. Shares are subject to temporary restrictions (e.g. over the right to receive dividends) until they vest.

Shares are issued subject to the participants remaining in the employment of the Group, subject to performance conditions and may be bought back from participants and cancelled should the participants cease employment with the Group and/or if performance conditions are not met at vesting date.

A and B shares have equal voting rights. They carry the right to receive notice of meetings and rights to appoint directors. C shares carry none of these rights.

For distributions and on winding-up, the articles of association allow for the income and assets to be allocated as follows:

- A ordinary shares 0.001 per cent.
- B ordinary shares 0.001 per cent.
- C ordinary shares 99.998 per cent.

To be apportioned pro rata in each case between the shares in issue in each such class.

26 Changes in equity

Profit/(loss) distribution

The loss after tax is attributable to equity holders and minorities as follows:

		£m
Equity holders	89.6%	(11.1)
Minority interest	10.4%	2.9
		(8.2)

The minority interests arise from a 10.4 per cent holding by various minority shareholders in PizzaExpress Limited and results for the 52 week period ended 26 June 2005 from the profit of PizzaExpress Limited and its direct subsidiaries of £27.9 million.

Appropriation

On 30 June 2004, the Group issued £90.0 million in unsecured loan notes to PandoraExpress LP. This represents the value transferred out of the Group as a result of the reorganisation and has been treated as an appropriation in the financial information.

27 Commitments

Operating leases — lessee

The Group acts as lessee in a large number of property lease agreements in relation to restaurant buildings. The leases are typically on a period of 20-40 years and, in accordance with the current legislation and the terms of the lease contracts, all of the leases are readily extendible by an additional 14 years. Lease rental is periodically revised, based on the market conditions. There are no financial covenants or other restrictions associated with the operating lease agreements.

As at 26 June 2005 total future minimum lease payments are due as follows:

	£m
Not later than one year	34.8
Later than one year and not later than five years	136.1
Later than five years	453.5
	624.4

The financial commitments for operating lease amounts payable calculated as a percentage of turnover have been based on the minimum payment that is required under the terms of the relevant lease. As a result the amounts charged to the profit and loss account are different to the financial commitment at the year end.

Capital commitments

Capital expenditure contracted but not provided as at 26 June 2005 was £2.1 million, relating to four new restaurants.

28 Share-based payment

The Group operates a Partnership Plan for eligible staff members who may acquire ordinary shares under the plan. In some cases an interest bearing loan has been provided by the Group for this purpose. Vesting of the shares acquired by participants under the Partnership Plan occurs upon and following an exit event taking place,

including a trade sale or listing. Pending the occurrence of an exit event, a small number of participants are given the opportunity once a year to sell back a portion of the shares acquired under the plan. As at 26 June 2005, there is no liability arising from this. On termination of employment prior to an exit event taking place, a participant's shares are forfeited for an amount equal to the consideration paid for the shares and where relevant including a notional growth of 5 per cent with the exception of Harvey Smyth, Julian Seaward, Adam Kaye and Sam Kaye. Immediately prior to the exit event, a market condition is applied to determine the number of shares participants may retain, the number which are bought back by Gondola and cancelled or purchased by the Partnership Plan employee benefit trust or PandoraExpress LP. Subject to the following paragraph, on Admission the Ordinary Shares that have ceased to be subject to a market condition on a listing will vest in three tranches. The first tranche will vest on the listing, the second tranche will vest six months after the listing, and the third tranche will vest 12 months after the listing. On termination of employment after a listing but prior to vesting, a participant's unvested Ordinary Shares will be bought back by the Company and/or the Partnership Plan employee benefit trust, PandoraExpress LP or other third party for an amount equal to the consideration paid by the participant plus, in certain cases, a modest notional growth of 5 per cent. per annum, and then cancelled.

All of the shares held by Harvey Smyth, Julian Seaward, Adam Kaye and Sam Kaye under the Partnership Plan will vest immediately upon a listing. As no exit event had taken place at the end of the year no shares have vested at that date.

The number of shares which will be held by participants depends on the equity value of the Group at the time of an exit event. If, on an exit event, the value of the shares is less than the value of the consideration paid by the participants, no shares will vest. In this case, all shares will be forfeited for an amount equal to the consideration paid by employees (plus in some cases a notional growth of 5 per cent. per annum). Loans made (equal to the consideration paid by employees) would be repayable in full by employees using the amount payable to them for their forfeited shares. If the Company were to be wound up and the value of the shares was less than the value of the consideration paid by the participants, the loan repayment is limited to the smaller amount. An appropriate simulation model has been used to value these awards.

	Number
Shares granted during the period and outstanding at the end of the period	5,186,210

The shares were acquired by the employees at a price of 26p per share, which was agreed with the Inland Revenue to be the fair value of the shares for a minority shareholder.

The following information is relevant in the determination of the fair value of the awards granted during the period under the equity-settled and cash settled share based remuneration schemes operated by the group.

Equity-settled

Valuation model used:	Monte Carlo Simulation Model
Weighted average share price at grant date	55p
Purchase price (based on share price paid on award and 5% interest cost on loan)	27p to 30p
Estimated period to exit	1 year
Expected volatility for enterprise value	11.5%
Expected dividend growth rate	0%
Risk-free interest rate	4.71%
Weighted average fair value	16.3p
Partnership Plan scheme expense (for financial period ended 26 June 2005)	£0.2m
Total Partnership Plan scheme expense	£0.8m

The market vesting condition was factored into the valuation of the awards by using a simulation model and taking into account the probability of meeting the vesting condition at different target levels.

As the equity value of the core operations will depend on the Enterprise value of the Company at the exit event, the fair value of the awards has been determined by simulating the Enterprise value of the Company using geometric brownian motion. For this purpose, the volatility assumption is measured at the standard deviation of expected Enterprise value. This is based on a statistical analysis of historical daily Enterprise value (as per the interpretation used for the plan rules) for similar listed companies.

The group did not enter into any share-based payment transactions with parties other than employees during the current or previous period.

29 Notes to the cash flow statement

(a) Cash flow from operating activities

	£m
Operating activities	
Loss after tax	(8.2)
Adjustments for:	
Taxation	(11.0)
Depreciation	15.7
Accelerated depreciation	2.0
Impairment expense — fixed assets	1.7
Amortisation	0.1
Gain on sale of property, plant and equipment	(2.1)
Amortisation of lease premiums	0.5
Exceptional charge relating to fees incurred on acquisition of ASK	4.7
Cash payment relating to fees incurred on acquisition of ASK	(6.1)
Share based payment-employee share plan	0.2
Finance costs — net	72.7
Operating profit before changes in working capital and provisions	**70.2**
Increase in trade and other receivables	(4.8)
Decrease in inventories	3.1
Decrease in trade and other payables	(12.5)
Cash generated from operations	**56.0**

The exceptional charge relating to fees incurred on acquisition of ASK and cash payment relating to fees incurred on acquisition of ASK as shown in the above reconciliation have been separately identified from within the decrease in trade and other payables line item above. The net exceptional charges relating to the acquisition of ASK which remain outstanding at 26 June 2005 are disclosed within accruals and deferred income in the balance sheet except for the £9.0 million payable to Capricorn which is disclosed within other creditors.

(b) Cash flow from investing activities

During the period ended 26 June 2005, the Group paid £0.4 million deferred consideration in relation to the acquisition of PizzaExpress (June 2003). This occurred due to payment of stamp duty and was accounted for as cost of investment.

During the period ended 26 June 2005, the Group also paid £3.1 million deferred consideration in relation to the acquisition of ASK (May 2004). This was accounted for as a reduction in the short-term creditor outstanding at 27 June 2004.

30 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with TDR Capital and Capricorn

A fee of £9.0 million became payable to Capricorn by Riposte Limited in 2004 in respect of the ASK Acquisition. This is included within other creditors as at the balance sheet date.

In addition, deep discounted bonds and unsecured loan notes have been issued to TDR Capital and Capricorn, further details are set out in Note 22.

Transaction with ultimate parent undertaking

In 2004 GondolaExpress plc paid interest on a bank facility on behalf of PandoraExpress LP totalling £0.3 million. This receivable remains outstanding at 26 June 2005.

Transactions with directors and senior managers

During 2005, ASK paid a total of £0.5 million in rents and insurance to Kropifko Properties Limited, a company of which Adam Kaye and Sam Kaye are directors and in which both have interests. £nil was owed to Kropifko Properties Limited at the balance sheet date.

During 2005, ASK paid a total of £0.1 million in rent and insurance to KLP Limited, a company of which Adam Kaye and Samuel Kaye are directors and in which both have interest. No amount was owed to KLP Limited at the balance sheet date.

During 2005, ASK paid a total of £0.2 million to Red Pepper Solutions, an organisation in which Andrew Fleet (who is a non-executive director of ASK Restaurants Limited, and is the husband of Jo Fleet) is the sole owner. These payments were for both hardware and software supplies together with the maintenance and licensing of the restaurant stock control system. No amount was owed to Red Pepper Solutions at the balance sheet date.

Harvey Smyth is a limited partner of PandoraExpress LP. In consideration for an investment of £312,504 (of which £50,000 is deferred), Mr Smyth has the following interests as at 26 June 2005:

- £312,504 fixed coupon 8% unsecured loan notes 2015 of PandoraExpress LP.
- The beneficial ownership of 1,019,049 Gondola shares under the Partnership Plan (note 9).
- The right to receive 1.47 per cent. of receipts received by the partnership from PandoraExpress 2A and its subsidiaries (this increases to 4.41 per cent. on flotation).
- The right to receive 3.18 per cent. of receipts received by the partnership from PandoraExpress S.à r.l., a subsidiary of PandoraExpress LP (this increases to 9.53 per cent. on flotation).

Partnership plan loans to and from directors and senior managers

Under the terms of the Partnership Plan scheme, loans may be granted to participants to purchase shares in Gondola. These loans bear interest at 5 per cent. The following loans were outstanding as at 26 June 2005 owed by Directors and members of Senior Management:

Harvey Smyth	£263,662
Julian Seaward	£95,662
Helen Burgess	£3,927
Mark Crawford	£3,927
Julie MacDonald	£3,927

In conjunction with, and in order to participate in the Partnership Plan scheme, certain directors and senior managers were asked to provide an interest free loan to Gondola in order to demonstrate their commitment to the Group. Each loan is repayable by Gondola in accordance with the relevant agreement between Gondola and the relevant directors and senior management.

The following loans were outstanding as at 26 June 2005 due from Gondola:

Adam Kaye	£396,687
Sam Kaye	£396,687
Martin Eckersley	£85,544
Jo Fleet	£34,068
Nigel Garfitt	£24,472
Neil Blows	£20,404
Jackie Freeman	£20,408
Simon Blagden	£12,735

31 Contingencies

Guarantees

On 1 July 2004, the Group including certain of its subsidiaries (together the "Senior Guarantors") became guarantors to a Senior Credit Facilities Agreement between Gondola Finance Limited, Riposte Limited and the Company, and HSBC Bank PLC, Lehman Brothers Bankhaus AG and The Royal Bank of Scotland plc.

On 31 January 2005, the same companies became guarantors of the second lien loan. The amounts outstanding at 26 June 2005 for these loans were £343.6 million under the senior facilities and £40.8 million under the second lien loan.

Each Senior Guarantor irrevocably and unconditionally and jointly and severally:

- guarantees to each finance party the punctual performance of each borrower, guarantor and charger (each an obligor) of all such obligors' obligations under the Senior Credit Facilities Agreement;
- undertakes with each finance party that whenever an obligor does not pay any amount when due under or in connection with any Senior Finance Department, the guarantor shall immediately on demand pay that amount as if it was the principal obligor; and
- indemnifies each finance party immediately on demand against any cost, loss or liability suffered by that finance party as a result of the guarantee being enforceable, invalid or illegal.

The same companies have also provided security for all indebtedness, liabilities and obligations of any member of the Group under the Senior Facilities Agreement. The security comprises floating charges over all assets and undertakings of the Senior Guarantors.

Management cannot make a reliable estimate of the timing or probability of future outflows resulting from these contingencies.

Warrants

On 1 July 2003, warrants for the purchase of 942 D Shares in PandoraExpress 3 Limited, a subsidiary of PandoraExpress 1 Limited, were issued to certain third parties, being Uberior Trading Limited and Hutton Collins Mezzanine Partners LP. In January 2004, TDR Capital acquired an interest in certain of the warrants owned by Hutton Collins Mezzanine Partners LP.

The warrants were exercisable on a listing or a sale of any issued share capital of Pandora Express 1 Limited, PandoraExpress 2 Limited or PandoraExpress 3 Limited.

The warrants became exercisable on 30 June 2004, on the sale of PandoraExpress 1 Limited to Gondola Group Limited.

As at 26 June 2005, the warrants had not been exercised.

32 Events after the balance sheet date

Since the balance sheet date the following activities have taken place:

- On 17 August 2005, 37,289 ordinary C shares were issued to new joiners of the employee Partnership Plan. The shares were issued for cash.
- On 20 October 2005, Hutton Collins Mezzanine Partners LP and Uberior Trading Limited exercised their warrants. A portion of the existing issued DDBs and unsecured loan notes were transferred to Hutton Collins Mezzanine Partners LP and The Governor and Company of the Bank of Scotland in consideration for this exercise. Pursuant to these arrangements such DDBs and unsecured loan notes will be redeemed by Gondola Group Limited or purchased by Gondola Holdings plc for £5.6 million of cash upon the redemption for cash by Gondola Group Limited of DDBs and purchase for shares by Gondola Holdings plc of DDBs and unsecured loan notes held by TDR and Capricorn. £5.2 million was included within long term liabilities in respect of these amounts as at 26 June 2005.
- On 20 October 2005, the operations not to be included in the Group were divested to the ultimate parent undertaking PandoraExpress LP for £1.
- On 20 October 2005, Fidelity and M&G subscribed for 1,315,048 newly issued ordinary shares of 25 pence each in ASK Restaurants Limited, which represents 10.07 per cent of the issued share capital of that company. The total purchase price was £22.4 million.
- On 20 October 2005, Gondola Holdings plc entered into a term and revolving credit facility of £400 million in aggregate (the ''New Facility'') the availability of which is conditional upon, amongst other things, the admission of Gondola Holdings plc's ordinary shares to the Official List. The New Facility is guaranteed by Gondola Group Limited and certain of its subsidiaries.

- By a written resolution passed on 2 November 2005, the shareholders of Gondola resolved to amend the Gondola Articles to subdivide each of the ordinary A shares and ordinary B Shares of Gondola into 2,000 ordinary A shares and 2,000 ordinary B shares respectively.
- By a written resolution passed on 2 November 2005, the ordinary A shares, ordinary B shares and ordinary C shares were redesignated into ordinary shares of a single class;
- Under an agreement dated 2 November 2005, Gondola Holdings plc has agreed to acquire the entire issued share capital of Gondola Group Limited in consideration for the issue of shares Gondola Holdings plc. Each ordinary share of Gondola Group Limited will be exchanged for two ordinary shares of Gondola Holdings plc.
- Gondola Holdings plc has acquired the right to call for the purchase of ASK DDBs and PE2 DDBs totalling £76.1 million (of which £70.1 million was a liability at the balance sheet date) and likewise assumed the obligation to purchase such instruments in each case in return for the issue of 22,791,133 ordinary shares of 25 pence each in Gondola Holdings plc pursuant to put and call option deeds dated 2 November 2005.
- Under an agreement dated 2 November 2005, Gondola Holdings plc has agreed to purchase £16.3 million Gondola Group Limited unsecured loan notes in return for the issue of 4,890,579 ordinary shares of 25 pence each in Gondola Holdings plc. The completion of this transaction is conditional only upon the prior completion of the acquisition of the PE2 DDBs described above.
- Under an agreement dated 2 November 2005, Gondola Holdings plc has agreed to purchase all the remaining Gondola Group Limited unsecured loan notes for cash. The completion of this transaction is conditional only upon Admission.
- Under an agreement dated 2 November 2005, Gondola Holdings has agreed to purchase shares held by Fidelity and M&G in ASK Restaurants Limited and PizzaExpress Limited in exchange for 13,561,987 shares in Gondola Holdings, plus £32.5 million Company Loan Notes. The completion of this transaction is conditional only upon the completion of the Gondola Group Loan Note transaction described above.

33 Subsidiaries

The principal subsidiaries of Gondola at 26 June 2005, all of which have been included in these consolidated financial information, are as follows:

	Note	Principal activity	Country or incorporation	Proportion of ordinary voting share held %
PizzaExpress Ltd	(i)	Holding Company	UK	89.6
PizzaExpress (Restaurants) Ltd	(i)	Restaurants	UK	89.6
Bookcash Trading Ltd	(i)	Restaurants	UK	89.6
PizzaExpress (Wholesale) Ltd	(i)	Distribution	UK	89.6
Agenbite Ltd	(i)	Restaurants	Ireland	89.6
PizzaExpress Merchandising Ltd	(i)	Branded Sales	UK	89.6
PizzaExpress (Jersey) Ltd	(i)	Restaurants	Jersey	89.6
PizzaExpress (Franchises) Ltd	(ii)	Franchising	UK	100
Café Pasta Ltd	(ii)	Restaurants	UK	100
PandoraExpress 2A Ltd	(ii)	Restaurants	UK	100
ASK Central Ltd	(iii)	Holding Company	UK	100
ASK Restaurants Ltd	(iii)	Restaurants	UK	100
PandoraExpress 1 Ltd		Holding Company	UK	100
Gondola Finance Ltd	(iv)	Holding Company	UK	100
Riposte Ltd	(iv)	Holding Company	UK	100

(i) Minority interests hold 10.4 per cent. equity in PizzaExpress, and hence the Group holds 89.6 per cent. of the equity in PizzaExpress and all subsidiary undertakings.

(ii) It is the Group's intention to dispose of these subsidiaries to a related party (note 32).

(iii) These companies were acquired by the Group on 6 May 2004.

(iv) These companies have been subsidiaries since their incorporation in April 2004.

Section C: Accountants' Report and Financial Information for ASK Central Limited in respect of the two financial years ended 29 June 2003 and 27 June 2004 prepared under UK GAAP

PricewaterhouseCoopers LLP
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3 November 2005

Dear Sirs

ASK Central Limited

We report on the financial information set out on pages 151 to 169 of the prospectus dated 3 November 2005 of Gondola Holdings plc (the "prospectus"). This financial information has been prepared for inclusion in the prospectus on the basis of the accounting policies set out in note 1. This report is required by item 20.1 of Annex I of the Prospectus Rules of the Financial Services Authority (the "Prospectus Rules") and is given for the purpose of complying with that item and for no other purpose.

Responsibilities

The Directors are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with United Kingdom Generally Accepted Accounting Principles ("UK GAAP").

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the prospectus, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work 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 information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information set out on pages 151 to 169 of the prospectus gives, for the purposes of the prospectus, a true and fair view of the state of affairs of ASK Central Limited as at the dates stated and of its profits and cash flows for the periods then ended in accordance with the basis of preparation set out in note 1 and in accordance with UK GAAP as described in note 1.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f), we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with item 1.2 of Annex I and item 1.2 of Annex III of the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

Consolidated profit and loss accounts

	Notes	52 weeks ended 29 June 2003	52 weeks ended 27 June 2004
		£m	*£m*
Turnover	2	101.9	118.8
Cost of sales	2	(81.8)	(96.5)
Gross profit		20.1	22.3
Administrative expenses (before exceptional costs)	2	(2.5)	(3.1)
Exceptional costs	6	—	(8.0)
Administrative expenses		(2.5)	(11.1)
Operating profit	7	17.6	11.2
(Loss)/profit on disposal of fixed assets	8	(0.1)	3.3
Profit on ordinary activities before interest and taxation		17.5	14.5
Net interest receivable/(payable)	9	0.1	(0.1)
Profit on ordinary activities before taxation		17.6	14.4
Taxation	10	(5.0)	(5.2)
Profit on ordinary activities after taxation		12.6	9.2
Dividends	11	(0.9)	(0.5)
Retained profit	21	11.7	8.7

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

Consolidated reconciliations of movements in group shareholders' funds

	Notes	52 weeks ended 29 June 2003	52 weeks ended 27 June 2004
		£m	£m
Profit for the financial period		12.6	9.2
Dividends	11	(0.9)	(0.5)
Transfer to profit and loss account		11.7	8.7
New share capital subscribed		0.2	7.3
Net increase in shareholders' funds		11.9	16.0
Opening equity shareholders' funds		47.4	59.3
Closing equity shareholders' funds		59.3	75.3

Consolidated balance sheets

	Notes	29 June 2003	27 June 2004
		£m	*£m*
Fixed assets			
Intangible assets	12	0.9	0.8
Tangible assets	13	76.4	76.3
		77.3	77.1
Current assets			
Stock	14	3.0	3.5
Debtors due within one year	15	3.9	4.0
Debtors due after one year	15	0.1	0.1
		4.0	4.1
Cash at bank and in hand	26	4.5	29.6
		11.5	37.2
Creditors: amounts falling due within one year	16	(23.4)	(31.8)
Net current (liabilities)/assets		(11.9)	5.4
Total assets less current liabilities		65.4	82.5
Creditors: amounts falling due after more than one year	16	—	(0.1)
Provisions for liabilities and charges	17	(6.1)	(7.1)
Net assets		59.3	75.3
Capital and reserves			
Called up share capital	19	4.7	5.1
Share premium account	21	14.0	20.9
Profit and loss account	21	40.6	49.3
Equity shareholders' funds		59.3	75.3

Consolidated cash flow statements

	Notes	52 weeks ended 29 June 2003	52 weeks ended 27 June 2004
		£m	*£m*
Net cash inflow from operating activities	24	26.0	29.7
Returns on investments and servicing of finance			
Interest received		0.2	0.1
Interest paid		(0.1)	(0.1)
Net cash inflow from returns on investments and servicing of finance		0.1	—
Taxation		(4.3)	(4.5)
Capital expenditure			
Purchase of tangible fixed assets		(20.9)	(29.2)
Sale of tangible fixed assets		2.9	23.2
Net cash outflow from capital expenditure		(18.0)	(6.0)
Equity dividends paid		(0.5)	(1.4)
Cash inflow before use of liquid resources and financing		3.3	17.8
Management of liquid resources			
Increase on short-term deposits with banks	26	—	(25.0)
Cash inflow/(outflow) before financing		3.3	(7.2)
Financing			
Issue of ordinary share capital		0.2	7.3
Medium-term loan repayment	26	(2.0)	—
Shareholder loan received	26	—	5.0
Repayment of shareholder loan	26	—	(5.0)
Cash (outflow)/inflow from financing		(1.8)	7.3
Increase in cash for the period	25	1.5	0.1

NOTES TO THE FINANCIAL INFORMATION

1 Accounting policies

The financial information has been prepared on a going concern basis, under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. The most significant accounting policies are described below.

The financial information presented below is for the 52 weeks ended 27 June 2004 (the ''financial year ended 27 June 2004'') and the 52 weeks ended 29 June 2003 (the ''financial year ended 29 June 2003'').

For the purposes of this financial information, references to ''TDR Capital'' are to TDR Capital LLP and funds managed by TDR Capital LLP, and references to ''Capricorn'' shall include Capricorn Ventures International Limited and its subsidiaries CV1 Limited and CV2 Limited.

Principal activity

The principal activity of the ASK Group is the operation of restaurants.

Basis of consolidation and preparation

The consolidated financial information incorporates the results of ASK Central Limited and its subsidiary undertakings (the ''ASK Group'') which are set out in note 29.

Turnover

Turnover represents net invoiced sales of food and beverages excluding value added tax. Turnover is recognised when the goods have been provided.

Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided at the following annual rates in order to write down to estimated residual values the cost of each asset over its estimated useful life on a straight-line basis:

Fixtures	10 per cent. per annum
Motor vehicles	25 per cent. per annum
IT equipment	20-33 per cent. per annum

Short leasehold properties are depreciated over the length of the lease except where the anticipated renewal or extension of the lease is sufficiently certain so that a longer estimated useful life is appropriate. Current legislation and the terms of the lease contracts are such that all of the leases are readily extendable by an additional 14 years. The maximum depreciation period for short-term leasehold properties is 30 years.

The cost of freehold and long leasehold properties is depreciated over the lesser of 50 years or the outstanding term of the lease.

Assets under construction comprise tangible fixed assets acquired for restaurants under construction, including costs directly attributable to bringing the assets into use. Assets are transferred to freehold properties, long leaseholds, short leaseholds and plant and fixtures when the restaurant opens. No depreciation is provided on assets under construction, as these assets have not been brought into working condition for intended use.

Sales of properties are recognised in the accounts when unconditional contracts are exchanged.

Impairment of fixed assets

The carrying values of fixed assets are reviewed for impairment in periods where 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 within operating profit. A reversal of impairment is recognised in the profit and loss account up to the extent that the original loss was recognised.

Pre-opening costs

Pre-opening costs are expensed as incurred.

Stocks

Raw materials and consumables are valued at the lower of cost and net realisable value. Cost is based on purchase cost on a first-in, first-out basis.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date which are due to transactions or events which have occurred at that date and which will result in an obligation to pay more, or a right to pay less, tax in the future.

Resultant deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from the deferred tax assets resulting from the underlying timing differences can be recovered.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Goodwill

Goodwill represents the difference between the fair value of the purchase consideration and the fair value of the separable net assets acquired. Prior to 23 December 1998, goodwill was eliminated against reserves. The profit or loss arising on the sale of a business acquired before 23 December 1998 includes attributable goodwill. Goodwill, on the acquisition of a business, after that date is capitalised and amortised over its useful economic life. The useful economic life is a maximum of 20 years.

Goodwill is subject to an impairment review at the end of the first full year following an acquisition and at any other time when the directors believe that an impairment may have occurred. Changes in provision for impairment are taken to the profit and loss account.

Operating leases

Rentals paid under operating leases are charged to income on a straight-line basis over the term of the lease.

Landlord contributions

Contributions received from landlords as an incentive to enter into a lease are treated as deferred income within creditors and are released to the profit and loss account.

Pension costs

Contributions to the ASK Group's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources includes short term deposits given that they are readily convertible into known amounts of cash without curtailing or disrupting the business. Liquid resources comprise term deposits of less than one year (other than cash).

Rebates receivable from suppliers

Volume related rebates receivable from suppliers are credited to the carrying value of the stock to which they relate. Where a rebate agreement with a supplier covers more than one year the rebates are recognised in the accounts in the period in which they are earned.

Financial instruments

The ASK Group does not hold or issue derivative financial instruments for hedging or trading purposes.

Employee share incentive schemes

The intrinsic value (the difference between the market price and exercise price at the date of grant) of shares issued through the employee share schemes is charged as an operating cost over the period of performance of the employee in respect of which rights to acquire the shares are granted. The effect of uncertainty as to whether any performance criteria will be met is dealt with by estimating the probability of the shares vesting.

2 Turnover and operating profit

52 weeks ended 29 June 2003

	Operations not to be included in the Gondola Group following the Global Offer	Operations to be included in the Gondola Group following the Global Offer	Total
	£m	*£m*	*£m*
Turnover	1.2	100.7	101.9
Cost of sales	(1.2)	(80.6)	(81.8)
Gross profit	—	20.1	20.1
Administrative expenses	—	(2.5)	(2.5)
Operating profit	—	17.6	17.6

52 weeks ended 27 June 2004

	Operations not to be included in the Gondola Group following the Global Offer	Operations to be included in Gondola Group following the Global Offer	Total
	£m	*£m*	*£m*
Turnover	1.3	117.5	118.8
Cost of sales	(1.5)	(95.0)	(96.5)
Gross (loss)/profit	(0.2)	22.5	22.3
Administrative expenses (before exceptional costs)	—	(3.1)	(3.1)
Operating exceptional costs	(2.2)	(5.8)	(8.0)
Operating (loss)/profit	(2.4)	13.6	11.2

The operations not to be included in the Group following the Global Offer are to be retained by current shareholders. These operations represent current trading restaurants, where it has been decided that the operation will be sold to another company owned by the current shareholders. Included within administrative expenses are exceptional items of £2.2 million within operations to be retained by current shareholders, and £5.8 million within operations to be included in the Group.

3 Segmental analysis

Geographical sector analysis

Turnover by destination and by origin is entirely from countries within the United Kingdom in all financial periods.

Business sector analysis

The ASK Group has operated in one business sector, being the sale of food and beverages in all financial periods.

4 Employees

Staff costs for all employees, including directors, consist of:

	52 weeks ended	
	29 June 2003	27 June 2004
	£m	*£m*
Wages and salaries	28.5	33.9
Social security costs	1.9	3.1
Other pension costs	0.2	0.2
	30.6	37.2

The average number of persons employed by the ASK Group during the period was:

	52 weeks ended	
	29 June 2003	27 June 2004
	Number	*Number*
Restaurants and distribution	2,919	3,327
Administration	47	49
	2,966	3,376

The ASK Group makes contributions on behalf of selected employees to the ASK Restaurants Limited group personal retirement plan, which is an independently controlled defined contribution scheme. Contributions are also made into individuals' private pension schemes.

5 Directors

(i) Directors' remuneration

The emoluments of the individual directors for the periods ended 29 June 2003 and 27 June 2004 were as follows:

	Salary and fees	Pension contributions	Total
	£000	*£000*	*£000*
Period ended 29 June 2003			
Executive directors			
Salvatore Diliberto	71	—	71
Martin Eckersley	114	11	125
Jo Fleet	81	7	88
Adam Kaye	71	—	71
Samuel Kaye	71	—	71
	408	18	426
Non-executive directors			
Neil Blows	17	—	17
George Cracknell	34	—	34
Andrew Fleet	17	—	17
	68	—	68
	476	18	494

	Salary and fees	Pension contributions	Total
	£000	£000	£000
Period ended 27 June 2004			
Executive directors			
Salvatore Diliberto	85	3	88
Martin Eckersley	142	17	159
Jo Fleet	90	11	101
Adam Kaye	95	5	100
Samuel Kaye	90	4	94
Neil Blows	87	10	97
	589	50	639
Non-executive directors			
Neil Blows	3	—	3
George Cracknell	36	—	36
Andrew Fleet	14	—	14
	53	—	53
	642	50	692

Pension contributions for directors are paid into individual personal pension plans. Neil Blows, previously a non-executive director, became an executive director in September 2003.

George Cracknell, Salvatore Diliberto and Neil Blows resigned as directors of ASK Central on 21 June 2004. Andrew Fleet resigned as a director of ASK Central on 6 May 2004.

(ii) Interests in share options

The directors' interests in share options as at 29 June 2003 and 27 June 2004 were as follows:

Period ended 29 June 2003	Date of grant	Exercise price (p)	As at 30 June 2002	Granted in the period	Lapsed in the period	Exercised in the period	As at 29 June 2003	Exercisable between
Unapproved								
M Eckersley	28 Aug 97	52.250	200,000	—	—	—	200,000	Aug 00 – Aug 04
M Eckersley	1 Oct 98	69.250	40,000	—	—	—	40,000	Oct 01 – Oct 05
M Eckersley	3 May 01	181.000	234,250	—	234,250	—	—	May 04 – May 08
M Eckersley	7 Oct 02	135.000	—	200,000	200,000	—	—	Oct 05 – Oct 09
M Eckersley	13 Mar 03	101.500	—	450,000	—	—	450,000	Mar 06 – Mar 10
J Fleet	3 Apr 98	75.775	203,832	—	—	203,832	—	Apr 01 – Apr 05
J Fleet	20 Oct 99	150.625	80,000	—	—	—	80,000	Oct 02 – Oct 06
J Fleet	4 May 00	152.000	80,000	—	—	—	80,000	May 03 – May 07
J Fleet	31 May 01	185.000	150,000	—	150,000	—	—	May 04 – May 08
J Fleet	7 Oct 02	135.000	—	100,000	100,000	—	—	Oct 05 – Oct 09
J Fleet	13 Mar 03	101.500	—	250,000	—	—	250,000	Mar 06 – Mar 10
G Cracknell	31 May 01	185.000	100,000	—	100,000	—	—	May 04 – May 08
G Cracknell	11 Apr 02	186.500	50,000	—	50,000	—	—	May 04 – May 08
G Cracknell	13 Mar 03	101.500	—	150,000	—	—	150,000	Mar 06 – Mar 10
A Fleet	5 Oct 01	164.000	50,000	—	50,000	—	—	Oct 04 – Oct 08
A Fleet	13 Mar 03	101.500	—	50,000	—	—	50,000	Mar 06 – Mar 10
N Blows	11 Apr 02	186.500	50,000	—	50,000	—	—	Apr 05 – Apr 09
N Blows	13 Mar 03	101.500	—	50,000	—	—	50,000	Mar 06 – Mar 10
N Blows	03 Apr 03	121.500	—	500,000	—	—	500,000	Apr 06 – Apr 10
Approved								
M Eckersley	5 Jun 01	190.200	15,750	—	15,750	—	—	Jun 04 – Jun 11

All options were granted at the average of the middle market price of the shares during the three dealing days prior to the grant. The middle market price of ASK Central's shares at 29 June 2003 was £1.35. Details relating to performance criteria are disclosed in note 20.

All directors' lapsed options during the period were related to the company offering staff and directors the chance to refresh their existing options granted between May 2001 and October 2002. All new options were granted on 13 March 2003, and the exercise price was the average of the middle market price of the shares during the three dealing days prior to the grant.

All of Martin Eckersley's options (434,250 approved and 15,750 unapproved) were lapsed and he was granted new options in lieu.

Jo Fleet exercised 203,832 options on 5 July 2002 at a share price of 154p. The net value of these exercised options was £159,447.

Period ended 27 June 2004	Date of grant	Exercise price (p)	As at 30 June 2003	Granted in the period	Lapsed in the period	Exercised in the period	As at 27 June 2004	Exercisable between
Unapproved								
M Eckersley	28 Aug 97	52.250	200,000	—	—	200,000	—	Aug 00 – Aug 04
M Eckersley	1 Oct 98	69.250	40,000	—	—	40,000	—	Oct 01 – Oct 05
M Eckersley	13 Mar 03	101.500	450,000	—	—	450,000	—	Mar 06 – Mar 10
J Fleet	20 Oct 99	150.625	80,000	—	—	80,000	—	Oct 02 – Oct 06
J Fleet	4 May 00	152.000	80,000	—	—	80,000	—	May 03 – May 07
J Fleet	13 Mar 03	101.500	250,000	—	—	250,000	—	Mar 06 – Mar 10
G Cracknell	13 Mar 03	101.500	150,000	—	—	150,000	—	Mar 06 – Mar 10
A Fleet	13 Mar 03	101.500	50,000	—	—	50,000	—	Mar 06 – Mar 10
N Blows	13 Mar 03	101.500	50,000	—	—	50,000	—	Mar 06 – Mar 10
N Blows	03 Apr 03	121.500	500,000	—	—	500,000	—	Apr 06 – Apr 10

All options were granted at the average of the middle market price of the shares during the three dealing days prior to the grant. ASK Central was de-listed on 6 May 2004 and there was therefore no middle market price of the company's shares at 27 June 2004. Details relating to performance criteria are disclosed in note 20.

No options lapsed during the period.

Martin Eckersley exercised a total of 240,000 options in July 2003 and September 2003, at share prices ranging from 125p to 148p. The net value of these exercised options was £195,190.

On 5 May 2004, all further outstanding options were exercised on the acquisition of the whole share capital of ASK Central at a share price of 220p. The net value of these exercised options for each director was:

M Eckersley	£533,250
J Fleet	£406,150
G Cracknell	£177,750
A Fleet	£ 59,250
N Blows	£551,750

6 Administrative expenses — exceptional

	52 weeks ended	
	29 June 2003	27 June 2004
	£m	*£m*
The administrative exceptional charges relate to:		
Costs incurred in respect of the bid for the ASK Group	—	3.8
Impairment of fixed assets	—	4.2
	—	8.0

Exceptional items arose as a result of the acquisition of the ASK Group by Riposte Limited in May 2004, totalling £3.8 million. At this date share options crystallised to directors and senior managers. The employer's national insurance charge of £0.3 million is included above. The remaining costs incurred in respect of the bid for the ASK Group relate primarily to professional fees.

In addition, there was an impairment of £4.2 million of fixed assets arising from the under-performance of a number of restaurants, some of which have been subsequently sold. The directors consider these assets to be fully impaired and to have no value to the ASK Group.

The current tax credit on exceptional items for the 52 weeks ended 27 June 2004 was £0.4 million (see note 10). The impairment of fixed assets is non-taxable.

7 Operating profit

	52 weeks ended	
	29 June 2003	27 June 2004
	£m	*£m*
This is arrived at after charging:		
Staff costs (note 4)	30.6	37.2
Auditors' fees and audit services:		
Statutory audit	0.1	0.1
Tax services	0.1	0.1
Depreciation on owned assets	4.6	5.6
Loss on disposal of owned assets	0.1	0.1
Amortisation of goodwill	0.1	0.1
Operating lease rentals (land and buildings)	10.1	11.6
Repairs and renewals	1.5	1.6
Impairment of fixed assets (see note 6)	—	4.2
and after crediting:		
Rental income	(0.6)	(0.6)

During the period, the auditors had been BDO Stoy Hayward LLP, who reported on December year-end statutory financial statements and it is their fees which are disclosed above. Included in the costs incurred in respect of the bid for the ASK Group (note 6) is an amount of £0.1 million paid to BDO Stoy Hayward LLP for their services. Tax services provided by BDO Stoy Hayward LLP comprised both compliance and advisory services.

Operations to be retained by current shareholders

In the period ended 29 June 2003, the cost of sales of operations to be retained by current shareholders included £0.1 million relating to depreciation of tangible fixed assets, £0.2 million relating to operating rentals of land and buildings and £0.4 million relating to employee costs.

In the period ended 27 June 2004, the cost of sales of operations to be retained by current shareholders included £0.1 million relating to depreciation of tangible fixed assets, £0.2 million relating to operating rentals of land and buildings and £0.5 million relating to employee costs.

8 Profit/(loss) on disposal of fixed assets

	52 weeks ended	
	29 June 2003	27 June 2004
	£m	*£m*
Profit on sale of freehold property	1.0	3.3
Loss on sale of leasehold property	(0.8)	—
Provision for loss on disposal of leasehold property	(0.3)	—
	(0.1)	3.3

During the period ended 29 June 2003, the ASK Group disposed of three freehold properties for a net profit of £1.0 million under sale and leaseback arrangements, and during the period ended 27 June 2004, the ASK Group disposed of 15 freehold properties for a net profit of £3.3 million under sale and leaseback arrangements. Loss on sale of leasehold property in the period ended 29 June 2003 of £0.8 million relates to the disposal of five properties, and the provision for loss on disposal of leasehold property relates to one property for the period ended 29 June 2003.

Utilisation of the provision for loss on disposal of leasehold property in the 52 weeks ended 27 June 2004 was £0.3 million.

The tax attributable to the above items is £nil.

9 Net interest receivable/(payable)

	52 weeks ended	
	29 June 2003	27 June 2004
	£m	*£m*
Interest receivable on short-term deposits	0.1	0.1
Less: interest payable on bank loan and overdraft	—	(0.2)
	0.1	(0.1)

Interest payable includes interest on a shareholder loan in the amount of £46,000.

10 Taxation

	52 weeks ended	
	29 June 2003	27 June 2004
	£m	*£m*
Current tax on profits for the period		
UK corporation tax	4.2	4.6
Tax on exceptional items (see note 6)	—	(0.4)
	4.2	4.2
Deferred tax		
Origination and reversal of timing differences	0.8	1.0
Taxation on profit on ordinary activities	5.0	5.2

The tax assessed for both periods presented is lower than the standard rate of corporation tax in the UK at 30 per cent. The differences are explained below:

	52 weeks ended	
	29 June 2003	27 June 2004
	£m	*£m*
Profit on ordinary activities before tax	17.6	14.4
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30 per cent.	5.3	4.3
Effects of:		
Expenses not allowable for tax purposes	—	0.3
Capital allowances for period in excess of depreciation	(0.9)	(0.4)
Short-term timing differences	(0.2)	—
Current tax charge for the period	4.2	4.2

In the opinion of the directors, there are no other factors that would substantially affect the ASK Group's tax charge.

11 Dividends

	52 weeks ended	
	29 June 2003	27 June 2004
	£m	*£m*
Ordinary dividends		
Final in respect of 52 weeks to 29 December 2002 (0.5p per share)	0.5	—
Interim in respect of 52 weeks to 28 December 2003 (0.4p per share)	0.4	—
Second interim in respect of 52 weeks to 28 December 2003 (0.5p per share)	—	0.5
	0.9	0.5

12 Intangible assets

	Goodwill
	£m
Cost	
As at 30 June 2002	1.2
As at 29 June 2003	1.2
As at 27 June 2004	1.2
Amortisation	
As at 30 June 2002	0.2
Provided for the period	0.1
As at 29 June 2003	0.3
Provided for the period	0.1
As at 27 June 2004	0.4
Net book value	
As at 29 June 2003	0.9
As at 27 June 2004	0.8

Goodwill was recognised and capitalised upon the acquisition of the minority holding in ASK 25 Limited. The goodwill arising from the acquisition is amortised over its useful economic life, which the directors estimate to be 15 years.

13 Tangible assets

	Assets under construction	Freehold properties	Long leaseholds	Short leaseholds	Plant, fixtures, and motor vehicles	Total
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
Cost						
As at 30 June 2002	0.3	3.0	—	54.8	16.9	75.0
Additions	7.1	3.4	4.0	3.7	2.7	20.9
Transfers	(7.1)	0.4	0.3	6.1	0.3	—
Disposals	—	(1.8)	—	(1.8)	(0.7)	(4.3)
As at 29 June 2003	0.3	5.0	4.3	62.8	19.2	91.6
Additions	14.0	8.3	2.1	1.3	3.6	29.3
Transfers	(13.0)	0.6	0.5	11.1	0.8	—
Disposals	—	(12.8)	(6.9)	(0.7)	(0.3)	(20.7)
As at 27 June 2004	1.3	1.1	—	74.5	23.3	100.2
Depreciation						
As at 30 June 2002	—	0.1	—	6.3	5.0	11.4
Charge for the period	—	0.1	—	2.4	2.1	4.6
Provision for loss on disposal	—	—	—	0.2	0.1	0.3
Disposal	—	(0.1)	—	(0.5)	(0.5)	(1.1)
As at 29 June 2003	—	0.1	—	8.4	6.7	15.2
Charge for the period	—	0.1	—	3.0	2.5	5.6
Impairment	—	0.2	—	3.6	0.4	4.2
Disposal	—	(0.2)	—	(0.6)	(0.3)	(1.1)
As at 27 June 2004	—	0.2	—	14.4	9.3	23.9
Net book value						
As at 29 June 2003	0.3	4.9	4.3	54.4	12.5	76.4
As at 27 June 2004	1.3	0.9	—	60.1	14.0	76.3

The ASK Group had contracted capital commitments of £4.8 million and £3.0 million at 29 June 2003 and 27 June 2004.

14 Stocks

	29 June 2003	27 June 2004
	£m	*£m*
Raw materials and consumables	3.0	3.5

In the directors' opinion the replacement cost of stock is not materially different from that shown in the balance sheet.

15 Debtors

	29 June 2003	27 June 2004
	£m	*£m*
Debtors due within one year		
Other debtors	1.2	1.1
Prepayments and accrued income	2.7	2.9
	3.9	4.0
Debtors due after one year		
Other debtors	0.1	0.1
	4.0	4.1

16 Creditors

Amounts falling due within one year

	29 June 2003	27 June 2004
	£m	*£m*
Trade creditors	8.2	13.2
Other creditors	0.9	1.1
Tax and social security creditors	2.6	7.3
Proposed dividend	0.9	—
Corporation tax	2.7	2.4
Accruals and deferred income	8.1	7.8
	23.4	31.8

Amounts falling due after more than one year

	29 June 2003	27 June 2004
	£m	*£m*
Accruals and deferred income	—	0.1
	—	0.1

Accruals and deferred income falling due after more than one year represents landlord contributions to leasehold additions. This amount is released evenly over the period up to the next rent review of the property to which it relates. The amounts are due for release as follows:

	29 June 2003	27 June 2004
	£m	*£m*
2 to 5 years	—	0.1
	—	0.1

17 Provision for liabilities and charges

	Deferred taxation
	£m
As at 30 June 2002	5.3
Charged to the profit and loss account in the 52 weeks ended 29 June 2003	0.8
At 29 June 2003	6.1
Charged to the profit and loss account in the 52 weeks ended 27 June 2004	1.0
At 27 June 2004	7.1

	29 June 2003	27 June 2004
	£m	£m
Accelerated capital allowances	6.0	7.0
Short-term timing differences	0.1	0.1
	6.1	7.1

Based on current capital investment plans, the ASK Group expects to be able to claim capital allowances in excess of depreciation in future years.

18 Financial instruments

(i) Treasury policy

The ASK Group treasury operated as a centralised service managing interest rates and financing. The Group treasury reported regularly to the board through the finance director.

The ASK Group did not use or trade in any derivative financial instruments.

Operations were financed by a mixture of retained profit and bank balances. Borrowings were limited and the exposure to interest rate movements was therefore not material.

The ASK Group did not have any material foreign currency risks in respect of its trading activities.

Short-term debtors and creditors have been excluded from all of the following disclosures.

Liquidity policy

The ASK Group invested surplus funds at prevailing money market rates, usually for a duration of one week or less. The floating rate cash in sterling was placed with Barclays Bank PLC. The floating rate as at 27 June 2004 was 4.28 per cent.

(ii) Interest rate risk of financial assets

	29 June 2003				27 June 2004			
	Cash	Short term deposits	Long term debtors	Total	Cash	Short term deposits	Long term debtors	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Floating rate	—	—	—	—	—	25.0	—	25.0
No interest	4.5	—	0.1	4.6	4.6	—	0.1	4.7
	4.5	—	0.1	4.6	4.6	25.0	0.1	29.7

Debtors more than one year relate to car loans to certain employees.

(iii) Financial liabilities

The ASK Group had no financial liabilities at either 27 June 2004 or 29 June 2003.

(iv) Undrawn bank facilities

The ASK Group had no undrawn committed bank borrowing facilities available to it in the periods ended 29 June 2003 and 27 June 2004.

The ASK Group had undrawn bank overdraft facilities available to it of £3 million at both 29 June 2003 and 27 June 2004. The overdraft was repayable on demand and was therefore uncommitted. These facilities are generally reviewed on an annual or ongoing basis and hence the facilities expire within one year or less.

(v) Currency exposure

All turnover arose entirely within the United Kingdom and the ASK Group had no foreign currency borrowings. The ASK Group therefore had no material currency exposure in the periods to 29 June 2003 and 27 June 2004.

(vi) Hedges

The ASK Group had no hedged transactions or positions in the periods to 29 June 2003 and 27 June 2004.

(vii) Fair value of financial instruments

The following table provides a comparison by category of the carrying amounts and the fair values of the ASK Group's financial assets at 29 June 2003 and 27 June 2004. Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest. Where available, market rates have been used to determine fair values.

	Book value	June 2003 Fair value	Book value	June 2004 Fair value
	£m	*£m*	*£m*	*£m*
Primary financial instruments held or issued to finance the group's operations:				
Long-term debtors	0.1	0.1	0.1	0.1
Cash	4.5	4.5	4.6	4.6
Short-term deposits	—	—	25.0	25.0

Summary of methods and assumptions

The fair value of cash and of short-term deposits approximates to the carrying amount, because of the short maturity of these instruments.

The fair value of long-term debtors, which approximates to the carrying amount, has been calculated by discounting expected future cash flows at market rates.

19 Share capital

	29 June 2003		27 June 2004	
	No. m	*£m*	*No. m*	*£m*
Authorised				
Ordinary shares of 5 pence each	140.0	7.0	140.0	7.0
Allotted, called up and fully paid				
Ordinary shares of 5 pence each	94.6	4.7	94.8	4.7
Allotments in respect of share options exercised during the period	0.2	—	6.4	0.4
	94.8	4.7	101.2	5.1

20 Share options

The ASK Group operated during the period both an Inland Revenue approved and an unapproved share option scheme under which options have been granted. Options were granted at the average of the middle market price of ASK Central's shares during the three dealing days prior to the grant.

Outstanding executive share options for directors and employees to subscribe for ordinary shares of 5p each were:

	Exercise price (pence)	Date granted	Range of dates exercisable	Number of shares for which rights are exercisable 2003	2004
Unapproved	52.250	Aug 97	Aug 00 – Aug 04	200,000	—
	55.963	Oct 97	Oct 00 – Oct 04	100,980	—
	75.775	Apr 98	Apr 01 – Apr 05	80,764	—
	69.250	Oct 98	Oct 01 – Oct 05	260,000	—
	120.500	Mar 99	Mar 02 – Mar 06	440,000	—
	150.625	Oct 99	Oct 02 – Oct 06	880,000	—
	152.000	May 00	May 03 – May 07	530,000	—
	158.500	Oct 00	Oct 03 – Oct 07	110,000	—
	181.000	May 01	May 04 – May 08	12,750	—
	164.000	Oct 01	Oct 04 – Oct 08	1,750	—
	101.500	Mar 03	Mar 06 – Mar 10	2,028,000	—
	121.500	Apr 03	Apr 06 – Apr 10	615,000	—
Approved	190.200	Jun 01	Jun 04 – Jun 11	72,250	—
	164.000	Oct 01	Oct 04 – Oct 11	18,250	—
	101.500	Mar 03	Mar 06 – Mar 13	1,327,000	—

The exercise of all options was conditional upon the ASK Group's achievement of growth in earnings exceeding the retail price index by an average of 2 per cent. per annum for three consecutive financial years from the date of grant.

In accordance with ASK Central's desire to incentivise its staff, the company offered staff and directors the chance to refresh their existing options granted between May 2001 and October 2002. All new options were granted on 13 March 2003, and the exercise price was the average of the middle market price of ASK Central's shares during the three dealing days prior to the grant.

All share options outstanding that were available to be exercised, were exercised at the time of the offer by Riposte Limited for the entire share capital of ASK in May 2004.

21 Reserves

	Share premium account	Profit and loss account
	£m	*£m*
As at 30 June 2002	13.8	28.9
Profit for the period	—	11.7
Premium on shares issued	0.2	—
As at 29 June 2003	14.0	40.6
Profit for the period	—	8.7
Premium on shares issued	6.9	—
As at 27 June 2004	20.9	49.3

22 Commitments under operating leases

The following are the annual commitments under non-cancellable operating leases:

	29 June 2003	27 June 2004
	£m	*£m*
Land and buildings		
Operating leases which expire:		
Over five years	10.3	13.1
	10.3	13.1

The leases for land and buildings are subject to rent reviews. The financial commitments for operating lease amounts payable calculated as a percentage of turnover have been based on the minimum payment required under

the terms of the relevant lease. As a result the amounts charged to the profit and loss account are different to the financial commitment at the year-end.

23 Related party transactions

ASK Restaurants Limited paid a total of £0.5 million and £0.5 million, in the periods to 29 June 2003 and 27 June 2004, in rents and insurance to Kropifko Properties Limited, a company of which Adam Kaye and Samuel Kaye are directors and in which both have interests. No amounts were outstanding at 29 June 2003 and 27 June 2004 respectively.

ASK Restaurants Limited paid a total of £0.1 million and £0.1 million, in the periods to 29 June 2003 and 27 June 2004, in rents and insurance to Chenstone Limited, a company of which Salvatore Diliberto is a director and in which he has an interest. No amounts were outstanding at 29 June 2003 and 27 June 2004.

ASK Restaurants Limited received a total of £0.8 million in the period to 27 June 2004, from Chenstone Limited for the sale and leaseback of its freehold at 36 High Street, Biggleswade. The new lease is over 25 years with a commencing rent of £0.1 million per annum. No amounts were outstanding at 29 June 2003 and 27 June 2004.

ASK Restaurants Limited paid a total of £0.1 million and £0.4 million, in the periods to 29 June 2003 and 27 June 2004, to Red Pepper Solutions, an organisation of which Andrew Fleet is the sole owner. Andrew Fleet is an non-executive director of ASK Restaurants Limited and is the husband of Jo Fleet. These payments were for both hardware and software supplies together with the maintenance and licensing of the restaurant stock control system. £0.1 million and £0.1 million was owed to Red Pepper Solutions at 29 June 2003 and 27 June 2004 respectively.

Mr Neil Blows became a non-executive director of ASK Central in 2002, and subsequently became an executive director in 2003. Prior to his appointment as an executive director, Mr Blows resigned from his position as partner in the solicitors firm, Glovers. ASK Restaurants Limited paid a total of £0.5 million to Glovers in the period to 29 June 2003 and £0.5 million in the period to 27 June 2004. These payments were legal fees on various property and employment matters. £nil and £0.1 million was owed to Glovers at 29 June 2003 and 27 June 2004 respectively.

On 29 April 2004 the ASK Group entered into a loan agreement with TDR Capital to receive a £5.0 million short-term loan to fund the working capital. The interest expense on the loan was £46,000 at an interest rate of 6 per cent. The loan was repaid on 24 June 2004.

24 Reconciliation of operating profit to cash flows

	52 weeks ended	
	29 June 2003	**29 June 2004**
	£m	***£m***
Operating profit	17.6	11.2
Depreciation charges	4.6	5.6
Loss on disposal of fixed assets	0.1	0.1
Impairment of fixed assets	—	4.2
Goodwill amortisation	0.1	0.1
Increase in stocks	(0.5)	(0.5)
Increase in debtors	(0.1)	(0.5)
Increase in creditors	4.2	9.5
Net cash inflow from operating activities	26.0	29.7

25 Reconciliation of net cash flow to movement in net funds

	52 weeks ended	
	29 June 2003	27 June 2004
	£m	£m
Increase in cash in the year	1.5	0.1
Decrease in debt	2.0	—
Increase in liquid resources	—	25.0
Increase in funds in the period	3.5	25.1
Net funds at the beginning of the period	1.0	4.5
Net funds at the end of the period	4.5	29.6

26 Analysis of net funds/(debt)

	Cash at bank and in hand	Less liquid resources	Movement in cash	Liquid resources		Shareholder loan	Medium-term bank loan	Total
	£m	£m	£m	£m	£m	£m	£m	£m
As at 30 June 2002	3.0	—	3.0	—	3.0	—	(2.0)	1.0
Cash flows	1.5	—	1.5	—	1.5	—	2.0	3.5
As at 29 June 2003	4.5	—	4.5	—	4.5	—	—	4.5
Cash flows	25.1	(25.0)	0.1	25.0	25.1	—	—	25.1
As at 27 June 2004	29.6	(25.0)	4.6	25.0	29.6	—	—	29.6

Included in the cash flows between 29 June 2003 and 27 June 2004 was the receipt and repayment of a shareholder loan.

27 Contingent liabilities

There were no outstanding contingent liabilities at 29 June 2003 and 27 June 2004.

28 Ultimate holding company

At 29 June 2003 ASK Central PLC had no ultimate holding company. In May 2004 ASK Central was acquired by Riposte Limited, ultimately a subsidiary of PandoraExpress LP, a limited partnership organised under the laws of England and Wales. The directors consider that PandoraExpress LP is ASK Central's ultimate parent undertaking.

The partnership interests in PandoraExpress LP are held by TDR Capital and Capricorn. Accordingly, the directors consider ASK Central's ultimate controlling parties to be TDR Capital and Capricorn.

29 Principal subsidiary undertakings

The principal subsidiary undertakings included within the consolidated financial information are:

	Activity	ASK Group's interest in allotted capital and issued voting rights	Country of incorporation
ASK Restaurants Limited	Restaurants	100%	England and Wales
ASK 25 Limited	Dormant	100%	England and Wales
IT'S Restaurants Limited	Dormant	100%	England and Wales
Mean Ole Frisco Limited	Dormant	100%	England and Wales

30 Post balance date events

On 1 July 2004 the ASK Group acquired 89.6 per cent. of PizzaExpress Limited from GondolaExpress PLC, a subsidiary of the ultimate parent undertaking.

Section D: Accountants' Report and Financial Information for Gondola Holdings plc in respect of the period ended 14 October 2005 prepared under IFRS

PricewaterhouseCoopers LLP
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Gondola Holdings plc
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St Albans
Hertfordshire
AL3 4EL

Merrill Lynch International
Merrill Lynch Financial Centre
2 King Edward Street
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EC1A 1HQ

3 November 2005

Dear Sirs

Gondola Holdings plc (the "Company") — financial information for the period ended 14 October 2005

We report on the financial information set out on pages 172 to 176 of the prospectus dated 3 November 2005 of the Company (the ''prospectus''). The financial information has been prepared for inclusion in the prospectus on the basis of the accounting policies set out in note 2. This report is required by item 20.1 of Annex I to the Prospectus Rules of the Financial Services Authority (the ''Prospectus Rules'') and is given for the purposes of complying with the Prospectus Rules and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the prospectus and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting polices are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work 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 information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information set out on pages 172 to 176 of the prospectus gives, for the purposes of the prospectus, a true and fair view of the state of affairs of the Company as at the date stated and of its cash flows and changes in equity for the period then ended in accordance with International Financial Reporting Standards.

Declaration

For the purposes of Prospectus Rule 5.5.3(2)(f), we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with item 1.2 of Annex I and item 1.2 of Annex III of the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

Gondola Holdings plc

Balance sheet as at 14 October 2005

	Notes	14 October 2005
		£
Assets		
Current assets		
Cash and cash equivalents		50,000
Net current assets		50,000
Net assets		50,000
Shareholders' equity		
Ordinary shares	3	50,000
Total equity	3	50,000

Gondola Holdings plc

Statement of changes in shareholders' equity for the period ended 14 October 2005

	Notes	Share Capital	Total
		£	£
Balance as at 19 September 2005, on incorporation		—	—
Issue of share capital	2	50,000	50,000
Total changes in shareholders' equity		50,000	50,000
Balance as at 14 October 2005		50,000	50,000

Gondola Holdings plc

Cash flow statement for the period ended 14 October 2005

	Notes	25 days to 14 October 2005
		£
Cash flows from financing activities		
Net proceeds from issue of ordinary share capital	3	50,000
Net cash generated by financing activities		50,000
Net increase in cash and cash equivalents		50,000
Cash and cash equivalents at 19 September 2005, on incorporation		—
Cash and cash equivalents at 14 October 2005		50,000

Notes to the financial information

1 Introduction

The principal activity of Gondola Holdings plc is to act as a holding company for Gondola Group Limited and its subsidiary companies.

The company was incorporated on 19 September 2005 and did not trade in the period from incorporation to 14 October 2005.

2 Accounting policies

The principal accounting policies adopted in the preparation of the financial information are set out below.

Basis of preparation

The financial information has been prepared on a going concern basis, under the historical cost convention and in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations and with those parts of the Companies Act applicable to companies reporting under IFRS.

Cash and cash equivalents

Cash comprises cash in hand and balances with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. They include unrestricted short-term bank deposits originally purchased with maturities of three months or less.

Share capital

Ordinary shares are classified as equity.

3 Called up share capital

	14 October 2005
	£
Authorised:	
50,000 ordinary shares of £1 each	50,000
	50,000
Allotted, issued and fully paid:	
50,000 ordinary shares of £1 each	50,000
	50,000

The Company was incorporated on 19 September 2005 with an authorised share capital of £50,000, comprising 50,000 ordinary shares of £1 each.

4 Post balance sheet events

Since the balance sheet date the following activities have taken place:

- On 20 October 2005, Gondola Holdings plc entered into a term and revolving credit facility of £400 million in aggregate (the "New Facility") the availability of which is conditional upon, amongst other things, the admission of Gondola Holdings plc's ordinary shares to the Official List. The New Facility is guaranteed by Gondola Group Limited and certain of its subsidiaries.
- On 2 November 2005, each of the issued and unissued ordinary shares of £1 each in the share capital of the Company was subdivided into four ordinary shares of 25 pence each.
- On 2 November 2005, the authorised share capital of the Company was increased from £50,000 to £50.0 million comprising 200,000,000 ordinary shares of 25 pence each.
- Under an agreement dated 2 November 2005, the Company has agreed to acquire the entire issued share capital of Gondola Group Limited in consideration for the issue of shares in the Company. Each ordinary share of Gondola will be exchanged for 2 Ordinary Shares.

- The Company has acquired the right to call for the purchase of ASK DDBs and PE2 DDBs totalling £76.1 million and likewise assumed the obligation to purchase such instruments in each case in return for the issue of 22,791,133 ordinary shares of 25 pence each in the Company pursuant to put and call option deeds dated 2 November 2005.
- Under an agreement dated 2 November 2005, the Company has agreed to acquire £16.3 million Gondola Group Limited unsecured loan notes in return for the issue of 4,890,579 ordinary shares of 25 pence each in the share capital of the Company. The completion of this transaction is conditional only upon the prior completion of the acquisition of the PE2 DDBs described above.
- Under an agreement dated 2 November 2005, Gondola Holdings plc has agreed to purchase shares held by Fidelity and M&G in ASK Restaurants Limited and PizzaExpress Limited in exchange for 13,561,987 shares in Gondola Holdings plc, plus £32.5 million Company Loan Notes. The completion of this transaction is conditional only upon the completion of the Gondola Group Loan Note transaction described above.
- Under an agreement dated 2 November 2005, Gondola Holdings plc has agreed to purchase all the remaining Gondola Group Limited unsecured loan notes for cash. The completion of this transaction is conditional upon Admission.
- On 3 November 2005, the shareholders of the Company passed a special resolution to reduce the share premium account of the Company, conditional upon the allotments of ordinary shares described below and the Global Offer.

Section E: Summary of certain differences between UK GAAP and US GAAP and IFRS and US GAAP

The financial information of Gondola Holdings plc included in Section A of this Part VIII has been prepared and presented in accordance with accounting principles generally accepted in the United Kingdom (''UK GAAP''). Certain differences exist between UK GAAP and generally accepted accounting principles in the United States of America (''US GAAP'') which might be material to the financial information herein.

The special purpose restated financial information of Gondola Holdings plc for the financial year ended 26 June 2005 included in Section B of this Part VIII has been prepared and presented under International accounting standards and International Financial Reporting Standards as adopted for use in the EU (''IFRS''), as subjected to certain amendments as set out in the Basis of Preparation. Certain differences exist between IFRS and US GAAP which might be material to the financial information herein.

The matters described below summarise certain differences between UK GAAP, IFRS and US GAAP that may be material to the Company. The Company is responsible for preparing the Summary below. The Company has not prepared a reconciliation of its consolidated financial statements and related footnote disclosures between US GAAP and either of UK GAAP or IFRS and has not quantified such differences. Accordingly, no assurance is provided that the following summary of certain differences between UK GAAP, IFRS and US GAAP is complete.

Had the Company undertaken any such quantification or reconciliation, other accounting and disclosure differences may have come to its attention that are not identified below. Accordingly, the Company can provide no assurance that the identified differences in the summary below represent all principal differences relating to Gondola Holdings plc. The differences highlighted below reflect only those differences in accounting policies in force at the time of the preparation of the UK GAAP and the IFRS historical financial information. No attempt has been made to identify future differences between UK GAAP, US GAAP and IFRS as the result of prescribed changes in accounting standards, transactions or events that may occur in the future. Regulatory bodies that promulgate UK GAAP, US GAAP and IFRS have significant ongoing projects that could affect future comparisons such as this one between UK GAAP and US GAAP and IFRS and US GAAP. Future developments or changes in either UK GAAP, US GAAP or IFRS may give rise to additional differences between UK GAAP, IFRS and US GAAP, which could have a significant impact on the Company. In preparing the financial information included in Section B of this Part VIII, the Directors have elected to apply certain transitional arrangements permitted by IFRS 1 (First time Adoption of International Reporting Standards). These transitional arrangements are set out in Note 5 of the IFRS historical financial information included in Section B of this Part VIII and are not covered by the summary below.

In making an investment decision, investors must rely on their own examination of the Company, the terms of the offering and the financial information. Potential investors should consult their own professional advisers for an understanding of the differences between UK GAAP, IFRS and US GAAP, and how these differences might affect the financial information herein.

UK GAAP	IFRS	US GAAP
Presentation of financial information		
UK GAAP requires that assets are presented in ascending order of liquidity in accordance with the Companies Act 1985. In addition, current assets under UK GAAP include amounts which fall due after more than one year.	Under IFRS, IAS 1 requires entities to present current and non-current liabilities as separate classifications on the face of the balance sheet, except when a liquidity presentation (which does not distinguish between current and non-current liabilities) provides reliable and more relevant information.	US GAAP requires the separate presentation of total assets and total liabilities. Under US GAAP, assets are presented in descending order of liquidity. Under US GAAP, assets which are amounts which fall due after more than one year would be reclassified as non-current assets.
Under FRS 10 certain computer software costs should be treated as part of the cost of the related hardware and hence as a tangible, rather than an intangible asset.	IAS 38 prescribes that software not directly associated with operating systems, i.e. separate from the hardware, be classified as an intangible asset.	Under US GAAP, software acquired for internal use should be classified as an intangible asset.

UK GAAP	IFRS	US GAAP
Under UK GAAP, the results of operations for PizzaExpress prior to its acquisition by the Group in 2003 have been presented on a combined basis with the results of operations post-acquisition.	Under IFRS, the treatment is the same as for UK GAAP.	Under US GAAP, the pre-acquisition results of operations for PizzaExpress would be presented separately to the post-acquisition results.
Under UK GAAP, the presentation of the income statement is prescribed by law and specifies four alternative formats.	IFRS does not prescribe a standard format for the income statement, although expenditures must be presented either on the basis of function or nature.	Under US GAAP the income statement is presented in one of two formats. The single-step format presents expenses classified by function and deducted from total income to give income before tax.
The Company presents turnover less expenses by function and is required to disclose both gross profit and operating profit.	As a minimum, IFRS requires presentation of revenue, finance costs, share of results of joint ventures and associates, tax expense, discontinued operations and net profit or loss for the period on the face of the income statement.	The multiple-step format where cost of sales is deducted from sales to show gross profit, and then other income and expenses are presented to give income before tax.
Cash flow statements		
Under FRS 1, "Cash Flow Statements" (revised 1996), cash includes deposits and overdrafts repayable on demand while movements on short-term investments are included in management of liquid resources.	Under IFRS, cash may include overdrafts repayable on demand but not short-term bank borrowings, which are considered to be financing flows. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent only when it has a maturity of three months or less from its acquisition date.	Under US GAAP, cash and cash equivalents are defined as also including highly liquid short-term investments, with original maturities of three months or less, and excludes overdrafts.
Under UK GAAP, cash flows are presented in the following categories: (i) operating activities; (ii) returns on investments and servicing of finance; (iii) taxation; (iv) capital expenditure and financial investment; (v) acquisitions and disposals; (vi) equity dividends paid; (vii) management of liquid resources; and (viii) financing.	Under IAS 7, cash flows are presented under three categories: (i) operating activities; (ii) investing activities; and (iii) financing activities. IAS 7 does not require a reconciliation of movements in cash flows to movements in net debt.	Under US GAAP, cash flows are presented in only three categories: (i) operating, (ii) investing and (iii) financing activities. Cash flows arising from taxation and servicing of finance would be included as operating activities, cash flows relating to capital expenditure and financial investment and acquisitions and disposals would be included as investing activities, and equity dividend payments would be included as a financing activity.

UK GAAP	IFRS	US GAAP
Business combinations, goodwill and intangible assets		
UK GAAP requires that, under the purchase method, the cost of investment is allocated to the acquired entity's assets and liabilities and contingent liabilities assumed based on fair values to the acquirer when the acquisition becomes unconditional. Intangible assets acquired, such as brands, may be regarded as indistinguishable from goodwill and accounted for as such. FRS 7 also requires fair value of contingent assets although the requirement to apply this is rare in practice.	IFRS requires that the cost of investment is allocated to the acquired entity's assets and liabilities and contingent liabilities assumed based on fair values to the acquirer at the date of acquisition.	US GAAP requires that the cost of investment is allocated to the acquired entity's identifiable assets and liabilities based on fair values to the acquirer at the date of acquisition.
Under UK GAAP, FRS 10 "Goodwill and Intangible Assets", for periods ending on or after 23 December 1998, the excess of the purchase price paid over the underlying fair value allocated to the assets and liabilities must be capitalised and amortised over the estimated useful life.	IFRS prescribes the allocation of the excess consideration to more categories of intangible assets (such as customer lists etc.) with goodwill being a residual asset.	The excess of the purchase price paid over the underlying fair value allocated to the identifiable assets and liabilities must be recorded as goodwill. In some instances, specifically identifiable intangible assets recognised under US GAAP do not meet the recognition criteria of UK GAAP. Identifiable intangible assets would generally be expected to include brands, trademarks/tradenames, customer lists/relationships. Goodwill is not amortised but reviewed annually for impairment at a reporting unit level or whenever a triggering event occurs. Any impairment is written off to the profit and loss account and cannot be reversed.
Under UK GAAP, adjustments to fair values assigned to assets and liabilities acquired on an acquisition of a business are only permitted if they arise before the date on which the directors approve the second post acquisition financial statements of the acquiring company. Adjustments to provisional fair values are accounted for in the period that the adjustments are made.	Under IFRS, fair value adjustments should be made within 12 months of the acquisition date. Any adjustments after 12 months must be recognised in the income statement. Adjustments to provisional fair values should be recognised as if the initial accounting had been completed at the acquisition date, that is, comparatives should be restated.	Under US GAAP, the period allowed for adjusting the fair value of pre-acquisition contingencies is typically limited to a maximum of one year from the date of acquisition, and is limited to adjustments relating to information that management has been waiting for to complete its purchase price allocation.
Under UK GAAP, costs of reorganisation and integrating businesses acquired, whether they relate to the acquired entity or the acquiring group, are dealt with as	Under IFRS 3 "Business Combinations", liabilities for terminating or reducing the activities of the acquiree are only recognised as liabilities on	Under US GAAP, restructuring liabilities relating solely to the acquired entity may be recognised as a liability on acquisition, if on acquisition the company begins to

UK GAAP	IFRS	US GAAP
post-acquisition costs.	acquisition when the acquiree has, at the acquisition date, an existing liability for restructuring. Any liabilities arising as a result of the decisions made by the acquirer are dealt with as post-acquisition costs.	assess and formulate a plan to restructure the acquired company; the plan is completed and approved within one year from the date of acquisition and the plan specifically identifies all significant actions to be taken to complete the plan and actions required by the plan will begin as soon as possible after the plan is finalised.
Under UK GAAP (FRS 10), goodwill is amortised over its estimated useful life. There is a rebuttable presumption that the estimated useful life does not exceed 20 years. The presumption can only be rebutted if the durability of the acquired business or intangible asset can be demonstrated and the goodwill or intangible asset is capable of continued measurement.	Under IAS 38, "Intangible assets", goodwill is not amortised but tested for impairment each year. If the impairment test shows a loss in value, goodwill is written down. Goodwill impairment losses cannot be reversed subsequently. IAS 38 does not contain a rebuttable presumption that the useful economic life of an intangible asset is less than 20 years. This standard recognises that an intangible asset can have an indefinite life and need not be amortised. Annual impairment testing is required for intangible assets with indefinite useful lives or that are not yet available for use.	Identifiable intangible assets with a definite life are amortised over their estimated useful lives. Indefinite lived intangibles are not amortised but reviewed for impairment annually or whenever a triggering event occurs. Any impairment is written off to the profit and loss account and cannot be reversed.
Fixed assets, recoverability of fixed assets		
Under UK GAAP, periodic recoverability tests are performed on fixed assets. FRS 11 "Impairment of Fixed Assets and Goodwill" requires a review when there is an impairment trigger — basically the same triggers as under IAS 36 for all assets other than goodwill/ indefinite lived intangibles/ intangibles not yet in use.	Under IAS 36, "Impairment of assets", impairment tests are performed each year on goodwill and intangible assets with indefinite useful lives and assets not yet available for use. On other fixed assets, impairment testing is required only if evidence of loss of value exists.	Under US GAAP, when a triggering event occurs indicating that the value of any long-lived assets held for use might not be recoverable, an impairment test of the long-lived assets using expected future cash flows from the long-lived assets is required.
FRS 11 sets out detailed methods for recognising impairment losses. The impairment review compares the carrying value of fixed assets with their recoverable amounts, being the higher of net realisable value and value in use (based on present value calculations).	The impairment is the difference between the asset's carrying value and its recoverable amount, being the higher of the asset's fair value less costs to sell and its value in use.	Any impairment is reflected in the profit and loss account and cannot be reversed. Impairments of long-lived assets are recognised on the basis of undiscounted cash flows and measured on the basis of fair value.
Deferred taxation		
FRS 19 "Deferred Tax" requires full provision to be made for deferred tax assets and liabilities arising from timing differences	IAS 12 uses a balance sheet concept of temporary differences — differences between the carrying amount of	Under US GAAP, deferred taxation is provided on all temporary differences between the tax and book bases of assets and

UK GAAP	IFRS	US GAAP
between the recognition of gains and losses in the financial statements and their recognition in a tax computation. It is also a requirement that the deferred tax assets are recognised where it is more likely than not that they will be recovered. The standard prohibits the provision of deferred tax on timing differences arising when a fixed asset is revalued without any commitment to sell the asset and where the remittance of earnings from a subsidiary, associate or joint venture would cause tax to be payable but no commitment has been made to remit the earnings.	an asset or liability and its tax base. Temporary differences include not only timing differences but other differences between the accounting and tax bases of assets and liabilities such as revaluation of assets for which no equivalent adjustment is made for tax purposes.	liabilities at the applicable enacted statutory tax rate at the reporting date, subject to a valuation allowance to reduce deferred tax assets to the amount which "more likely than not" will be realised in the future.
Dividends		
Under UK GAAP, for accounting periods beginning prior to 1 January 2005 ordinary dividends proposed are accrued in respect of the year for which they are recommended by the board of directors.	Under IFRS, proposed dividends are provided for in the period in which they are declared by the board of directors.	Under US GAAP, such dividends are provided for in the period they are declared by the board of directors.
FRS 21 "Events after the balance sheet date" issued in May 2004 brings UK GAAP into line with IAS 10 for accounting periods beginning on or after 1 January 2005.		
Employee share-based compensation		
UITF 17 "employee share schemes" requires that the charge to the profit and loss account should, as a minimum, be based on the difference between the fair value of the shares at the date (that is, an "intrinsic value" basis).	IFRS 2 requires an entity to determine the fair value of the employee services received by reference to the fair value of the equity instrument. The corresponding amount will be recorded either as a liability or as an increase in equity, depending on whether the transaction is determined to be cash or equity settled.	Under US GAAP, entities have a choice of accounting methods for determining the costs of benefit arising from employee share compensation plans. They may follow an intrinsic value method (market price at measurement date less any employee contribution or exercise price) or a fair value method using an option pricing model.
Under UITF 17, the charge is spread over the employee's performance period.	IFRS 2 requires the charge to be recognised over the period to which the employee's services relate.	As under IFRS, the charge is recognised over the period to which the employee's services relate.
In April 2004, FRS 20 ("Share based payment") was issued. This applies to accounting periods beginning on or after 1 January 2005 and is very similar to IFRS 2.		

UK GAAP	IFRS	US GAAP
Under UK GAAP, loans provided to employees for the purchase of shares in the company are presented as amounts receivable from employees.	Under IFRS, the treatment is the same as for UK GAAP.	Under US GAAP, loans provided to employees for the purchase of shares in the company would be presented as a reduction in shareholders' equity.
Restructuring and onerous lease provisions		
Under UK GAAP, restructuring and onerous lease provisions are reflected in the financial statements in accordance with FRS 12 "Provisions, Contingent Liabilities and Contingent Assets", when an entity meets a number of specific criteria including a reliable estimate of the amount of an obligation.	Under IFRS, a provision as regards restructuring costs is recognised in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", when an entity meets a number of specific criteria including a reliable estimate or the amount of an obligation and a detailed plan having been put in place and announcement has been made publicly. For onerous leases, a number of specific criteria must be met.	Under US GAAP, restructuring and onerous lease provisions may be reflected at a later stage in the profit and loss account as there are specific conditions that need to be met before a provision can be recognised which are not required under UK GAAP. For example, under US GAAP onerous lease provisions are only reflected in the financial statements when the company ceases to use the property.
Leases		
SSAP 21, "Leases and hire purchase contracts" prescribes classification and accounting guidelines for operating and finance leases. FRS 5, "Accounting for the substance of transactions", introduced a framework for assessing the risks/rewards associated with assets to determine on whose balance sheet those assets should be. This framework can be used to assist in the classification of leases.	Under IAS 17, classification as a finance lease is more principles-based rather than rules-based and does not provide any quantitative tests. IAS 17 also requires that a lease of land and buildings should be split at inception of the lease into a separate lease of land and a lease of buildings and considered for the lease classification separately.	Under US GAAP, a lease is classified as a finance lease when one of the following criteria is met: • Ownership transfers at the end of the lease. • There is a bargain purchase option. • The present value of the lease payments is greater than 90 per cent. of the fair market value of the leased property at inception. • 75 per cent. of the asset's economic life is being committed to by the lease at inception.
Sale and leaseback of properties		
Under UK GAAP, profits or losses on sale and leaseback of properties are accounted for in accordance with SSAP21. The accounting treatment depends on the type of lease entered into: finance or operating lease. It also depends on whether the sale and subsequent leaseback are on a strictly arm's length basis. If a sale and leaseback transaction results in a finance lease, under UK GAAP, the substance is that	As under UK GAAP, the accounting treatment depends on the type of lease entered into. Under IAS 17 "Leases", if a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount should be deferred and amortised over the lease term. If a sale and leaseback transaction results in an operating lease and it is clear that the transaction is established at fair value, the	Under US GAAP, the timing of profits or losses on the sale and leaseback of properties is dependent upon whether the seller relinquishes substantially all or a minor part of the use of the property. If substantially all of the use of the property is relinquished, any profit is generally recognised on the date of sale. If the seller retains more than a minor part, but less than

UK GAAP	IFRS	US GAAP
of a financing and as such no profit should be recognised on entering into the arrangement and no adjustment made to the carrying value of the assets. If the sale and leaseback results in an operating lease and it is clear that the transaction is established at fair value, any profit or loss should be recognised immediately.	treatment is the same as under UK GAAP.	substantially all of the use of the property, any profit in excess of either the present value of minimum lease payments (for operating leases) or the recorded amount of the leased asset (for finance leases) is recognised at the date of sales, with the balance of the profit being recognised rateably over the lease term. A loss on a sale and leaseback must be recognised immediately by the seller-lessee to the extent that net book value exceeds fair value.
Holiday pay		
Holiday pay is not covered by any specific standard in the UK but falls within the general guidance for accounting for provisions for liabilities and charges contained within FRS 12.	Under IAS 19, holiday pay should be accrued and measured using the specific guidance for accounting for short-term compensated absences contained in the standard.	Under US GAAP, FAS 43 ''Accounting for Compensated Absences'', an employer should accrue for an obligation relating to the employees' rights to receive compensation for future absences attributable to services that were already rendered, when the obligation relates to rights that accumulate, payment of the compensation is probable, and the amount can be reasonably estimated.
Exceptional items		
UK GAAP requires profits and losses in relation to the disposal of fixed assets to be shown separately on the face of the profit and loss account below operating profit. In addition, exceptional items that are a result of the ongoing activities, but are significant because of their size or nature, may be separately highlighted on the face of the profit and loss account.	IAS 1 ''Presentation of Financial Statements'', does not contain the notion of ''exceptional items'' but prescribes the separate disclosure on the face of the Income Statement or in the Notes of material items which ''are relevant to an understanding of the entity's financial performance''.	Under US GAAP, there is no concept of exceptional items and accordingly no such items can be separately disclosed on the face of the profit and loss account. Accordingly, profits and losses in relation to the disposal of fixed assets and other significant items identified as exceptional under UK GAAP are included in operating income.
Capitalisation of borrowing costs		
UK GAAP does not require the capitalisation of any borrowing costs associated with the funding of fixed assets during their construction.	IAS 23 ''Borrowing costs'' allows either expensing or capitalisation of borrowing costs in relation to directly attributable costs of acquiring the qualifying assets.	Under US GAAP, the borrowing costs of funds invested in the construction of major qualifying assets must be capitalised up to the date the assets are ready for use and amortised over the average life of the assets. The amount to be capitalised is an allocation of the interest cost incurred during the period required to complete the asset.

UK GAAP	IFRS	US GAAP
		The interest rate for capitalisation purposes is based on the interest rates of the company's outstanding borrowings. If a specific new borrowing is associated with the asset, the rate on that borrowing may be applied to the appropriate portion of the expenditure for that asset.
Capitalisation of costs of issuing debt		
Under UK GAAP, issue costs incurred directly in connection with the issue of debt are capitalised reducing the initial carrying value of debt. These costs are released to the profit and loss account over the term of the debt at a constant rate on the carrying amount.	Under IFRS, liabilities "at fair value through profit or loss" are initially measured at fair value (transaction costs are not included). Other liabilities are initially measured at fair value less transaction costs.	Under US GAAP, issue costs incurred directly in connection with the issue of debt are capitalised as a deferred charge included in long-term assets. These costs are released to the profit and loss account over the term of the debt using the effective interest rate method.
Accounting for derivatives and hedging activities		
Under UK GAAP, amounts payable or receivable in respect of interest rate swaps are recognised as adjustments to net interest income or expenses over the period of the contract. Forward currency contracts and forward purchase agreements are accounted for as hedges, with the instruments' impact on profit deferred until the underlying transaction is recognised in the Profit and Loss Account.	Under IAS 32 and IAS 39, derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. In order to qualify for hedge accounting, formal documentation is required and the entity must be able to measure and track the effectiveness of the hedging instrument at the start and on an ongoing basis. IAS 39 includes rules for fair value hedges, cashflow hedges and net investment hedges.	Under US GAAP, all derivative financial instruments are recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in earnings or other comprehensive income depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction and whether or not the hedge is effective. Gains and losses on derivative instruments reported in other comprehensive income are reclassified into earnings in the periods in which earnings are affected by the hedge item.
Segmental disclosures		
Under UK GAAP, segment reporting is based on the different classes of business in which an entity operates. Classes of business are determined by, among other factors, the nature of products or services, the nature of the production processes and the markets in which the products or services are sold. The accounting policies used in segment reporting must be consistent with the	Under IAS 14, segment reporting is based on a "management approach" to organising the business whereby external segment reporting is aligned with internal reporting used by management. IAS 14 distinguishes between primary and secondary reporting segments. Extensive disclosure is required for primary segments with considerably less information	Under US GAAP, segment reporting is based on the reporting used by the chief operating decision maker. The accounting policies followed in the internal reporting used by management may differ from the accounting policies used in the consolidated financial statements. US GAAP requires certain asset, income statement and other disclosures to be made for each

UK GAAP	IFRS	US GAAP
accounting policies used in the consolidated financial statements.	required for secondary segments. IFRS requires disclosure of total assets, total liabilities, capital expenditure, depreciation and amortisation and significant non-cash expenses for each segment.	reportable segment as well as a reconciliation to the corresponding amounts in the related consolidated financial statements.
Discontinued operations		
Under UK GAAP, a discontinued operation is an operation whose discontinuance has a material effect on the nature or focus of the business. Discontinued assets are written down to the higher of the net selling price and value in use based on discounted cash-flows. The face of the income statement discloses the components of operating profit relating to the discontinued operations.	IFRS 5 ''Non-current assets held for sale and discontinued operations'' sets requirements for the classification, measurement and presentation of non-current assets held for sale. IFRS 5 introduces the notion of assets or disposal groups classified as held for sale, which are disclosed separately on the face of the balance sheet. IFRS 5 also gives guidance on profit and loss presentation. Under IFRS, the profit from discontinued operations and the related profit from disposals are presented together in one line item below profit for the period from continuing operations.	SFAS no. 144 ''Accounting for the Impairment or Disposal of Long-Lived Assets'' addresses significant issues relating to the implementation of SFAS No. 121, ''Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of'', and develops a single accounting method under which long-lived assets that are to be disposed of by sale are measured at the lower of book value or fair value less costs to sell. Costs to sell are the incremental direct costs that result directly from and are essential to a sale transaction and that would not have been incurred by the entity had the decision to sell not been made. Those costs exclude expected future losses associated with the operations of a long-lived asset (disposal group) while it is classified as held for sale. SFAS No. 144 includes in its scope of discontinued operations all components of an entity with operations that (1) can be distinguished from the rest of the entity, and (2) will be eliminated from the ongoing operations of the entity in a disposal transaction. Discontinued operations are disclosed as a separate line item on the face of the income statement (net of tax and below net income from continuing operations).
Minority Interest		
Under UK GAAP, Minority Interest is presented as a reduction in shareholders' equity. On acquisition the minority interest is stated as the minority share of the fair value of the net assets acquired.	Under IFRS, Minority Interest is presented as a part of equity. On acquisition the minority interest is stated as the minority's share of the net fair value of acquired identifiable assets, liabilities and contingent liabilities.	Under US GAAP, Minority Interest is presented within ''Total Liabilities''. On acquisition the minority interest is stated as the minority's share of the carrying value of assets acquired.

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3 November 2005

Dear Sirs

Gondola Holdings plc (the "Company")

We report on the unaudited IFRS pro forma financial information set out on pages 188 to 189 of the Company's prospectus dated 3 November 2005 (the "prospectus"). The unaudited IFRS pro forma financial information has been prepared, for illustrative purposes only, to provide information about how the Global Offer might have affected the IFRS consolidated financial information of the Company as at 14 October 2005.

Responsibilities

It is the responsibility solely of the Directors of the Company to prepare the IFRS pro forma financial information in accordance with item 20.2 of Annex I and Annex II of the Prospectus Rules of the Financial Services Authority (the "Prospectus Rules").

It is our responsibility to form an opinion, as required by item 7 of Annex II of the Prospectus Rules, on the unaudited IFRS pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited IFRS pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting and Bulletin 1998/8 'Reporting on pro forma financial information pursuant to the Listing Rules' issued by the Auditing Practices Board. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the unaudited IFRS pro forma financial information with the directors of the Company.

Our work has not been carried out in accordance with auditing standards generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

Opinion

In our opinion:

(a) the unaudited IFRS pro forma financial information has been properly compiled on the basis stated; and

(b) that basis is consistent with the IFRS accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f), we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with item 1.2 of Annex I and item 1.2 of Annex III of the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

UNAUDITED IFRS PRO FORMA FINANCIAL INFORMATION

Set out below is unaudited IFRS pro forma financial information based on the net assets of Gondola Holdings plc as at 14 October 2005. The pro forma is prepared for illustrative purposes only to show the effect of the Global Offer and other consequential items as described in notes 2, 3, 4 and 5 below, on the Group as if they had occurred on 14 October 2005 and, because of its nature, the pro forma financial information addresses a hypothetical situation, and, therefore, does not represent the Group's actual financial position or results. The unaudited IFRS pro forma financial information has been compiled from the IFRS balance sheet of Gondola Holdings plc as at 14 October 2005 and Gondola Group Limited as at 26 June 2005, as set out in Part VIII of this document, adjusted as described in notes 2, 3, 4 and 5 below.

	Gondola Holdings plc as at 14 October 2005 Note 1	Adjustments				Pro forma as at 14 October 2005
		Gondola Group Limited as at 26 June 2005 Note 2	Note 3	Note 4	Note 5	
	£m	£m	£m	£m	£m	£m
Assets						
Non-current assets						
Intangible assets	—	288.7		—	—	288.7
Property, plant and equipment	—	198.4	(0.4)	—	—	198.0
Trade and other receivables	—	9.6	—	—	—	9.6
Total non-current assets	—	496.7	(0.4)	—	—	496.3
Current assets						
Inventories	—	9.5	(0.2)	—	—	9.3
Trade and other receivables	—	22.2	(1.2)	(0.2)	—	20.8
Cash and cash equivalents	0.1	28.1	(2.8)	(5.0)	(14.5)	5.9
Total current assets	0.1	59.8	(4.2)	(5.2)	(14.5)	36.0
Total assets	0.1	556.5	(4.6)	(5.2)	(14.5)	532.3
Current liabilities						
Trade and other payables	—	(68.6)	1.2	—	—	(67.4)
Other financial liabilities	—	(385.6)	—	(34.8)	419.2	(1.2)
Corporation tax liability	—	(0.9)	—	—	—	(0.9)
Total current liabilities		(455.1)	1.2	(34.8)	419.2	(69.5)
Net current assets/(liabilities)	0.1	(395.3)	(3.0)	(40.0)	404.7	(33.5)
Non-current liabilities						
Financial liabilities		(200.4)	—	114.0	(280.6)	(367.0)
Deferred tax liability	—	(33.1)	—	—	—	(33.1)
		(233.5)	—	114.0	(280.6)	(400.1)
Total net assets/liabilities	0.1	(132.1)	(3.4)	74.0	124.1	62.7

Notes:

(1) Information on Gondola Holdings plc has been extracted, without adjustment, from the IFRS historical financial information for Gondola Holdings plc set out in Section D of this Part VIII.

Gondola Holdings plc will become the immediate parent company of Gondola Group Limited in anticipation of the Global Offer.

(2) Information on Gondola Group Limited has been extracted, without adjustment, from the consolidated IFRS historical financial information for Gondola Group Limited set out in Section B of this Part VIII.

(3) An adjustment has been made to reflect the divestment of the non-core operations of PandoraExpress 2A Limited group to PandoraExpress LP. The net assets of these operations have been extracted without material adjustment from the IFRS historical financial information in Section B of this Part VIII (note 7).

(4) In contemplation of and in connection with the Global Offer the following adjustments have been made:

i. Fidelity and M&G subscribed for shares in ASK Restaurants Limited for a cash payment of £22.4 million.
ii. Fidelity and M&G exchanged holdings in PizzaExpress Limited and ASK Restaurants Limited for a minority stake in the Company, together with £32.5 million of loan notes.
iii. The redemption of ASK deep discounted bonds for £22.4 million in cash.
iv. The repurchase of £16.3 million loan notes and £70.1 million deep discounted bonds for share capital in the Company.
v. The repayment of £1.8 million loan notes and £3.4 million deep discounted bonds held by the Warrant holders for £5.2 million cash.
vi. The repayment of loans of £0.2 million by employees who were members of the equity scheme at 26 June 2005.
vii. The write-off of £2.3 million of capitalised debt issue costs in relation to the Senior Facilities.

Pro-forma impact of the above adjustments:

Adjustment	Cash £m	Current financial liabilities £m	Non-current financial liabilities £m	Debtors £m
(i) Fidelity and M&G subscribed for 1,315,048 shares in ASK Restaurants Limited	22.4	—	—	—
(ii) Fidelity and M&G exchanged holdings in PizzaExpress Limited and ASK Restaurants Limited for a minority stake in the Company and loan notes	—	(32.5)	—	—
(iii) Redemption of deep discounted bonds	(22.4)	—	22.4	—
(iv) Purchase of loan notes and deep discounted bonds for share capital	—	—	86.4	—
(v) Repayment of loan notes and deep discounted bonds held by Warrantholders	(5.2)	—	5.2	—
(vi) Payment of loans and cash in connection with the employee equity scheme	0.2	—	—	(0.2)
(vii) Write off of unamortised debt issue costs	—	(2.3)	—	—
Total	(5.0)	(34.8)	114.0	(0.2)

(5) An adjustment has been made to reflect the net proceeds of the Global Offer receivable by the Company of £124.9 million, after deducting fees of £10.1 million. These proceeds from the Global Offer have been applied as follows:

i. The repurchase of unsecured loan notes held by investors amounting to £86.2 million.
ii. Repayment of bank borrowings superceded by the New Facility.
   - Repayment of Second Lien.
   - Repayment of Senior Facilities.
iii. Repayment of loan notes issued to M&G and Fidelity prior to IPO.

Source of Cash	£m
Minimum proceeds	135.0
Less: expenses of	(10.1)
	124.9
Draw down under the New Facility	370.0
Less: fees associated with the New Facility	(3.2)
Use of cash funds	
(i) Repurchase of unsecured loan notes	(86.2)
(ii) Repayment of bank borrowings	
• Bank Loan — Second Lien	(40.8)
• Bank Loan — Senior Facilities	(345.9)
• Mandatory prepayment charge on early repayment of Second Lien loan	(0.8)
(iii) Loan notes — M&G and Fidelity	(32.5)
Net (decrease) in cash	(14.5)

(6) There was no deferred tax impact in relation to the above adjustments.

(7) No account has been taken of the trading results or other cash flows of Gondola Holdings plc since 14 October 2005 or of Gondola Group Limited since 26 June 2005.

(8) The primary effect of the transactions detailed in notes 4 and 5 above is to refinance the borrowings of Gondola Group Limited. The impact of this will be to reduce the interest charge in the Group in future earnings statements.

(9) No adjustment has been made for the potential exercise of the Over-allotment Arrangements.

(10) This pro forma financial information does not constitute financial statements within the meaning of Section 240 of the Companies Act.

PART IX

DETAILS OF THE GLOBAL OFFER

Description of the Global Offer

Under the Global Offer, the Company will issue 42,187,500 New Ordinary Shares, raising proceeds of approximately £122 million, net of underwriting commissions and other estimated fees and expenses (including costs related to the Reorganisation and the New Facility) of approximately £12.9 million. The Company intends to use the net proceeds from the issue of the New Ordinary Shares to pay down shareholder debt incurred by the Group in connection with the PizzaExpress Acquisition and the ASK Acquisition and to redeem the Company Loan Notes to be issued to Fidelity and M&G pursuant to the Reorganisation.

The New Ordinary Shares represent approximately 31.3 per cent. of the expected issued ordinary share capital of the Company immediately following Admission. In addition, a further 6,328,125 Ordinary Shares are being made available by TDR Capital Nominees Limited and CV1 Limited to Merrill Lynch, or such persons as it may procure, pursuant to the Over-allotment Arrangements described below.

Under the Global Offer Ordinary Shares will be offered (i) to certain institutional investors in the United Kingdom and elsewhere outside the United States, and (ii) in the United States only, to qualified institutional buyers in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Certain restrictions that apply to the distribution of this document and the Ordinary Shares being issued and sold under the Global Offer in jurisdictions outside the United Kingdom are described in paragraph 16 of Part X — ‘‘Additional Information’’.

When admitted to trading, the Ordinary Shares will be registered with ISIN number GB00B0LS7T03 and SEDOL number B0LS7T0.

Immediately following Admission, it is expected that in excess of 31 per cent. of the Company’s issued ordinary share capital will be held in public hands (within the meaning of paragraph 6.1.19 of the Listing Rules) assuming that no Over-allotment Shares are acquired pursuant to the Over-allotment Arrangements (increasing to 36 per cent. if the maximum number of Over-allotment Shares are acquired pursuant to the Over-allotment Arrangements).

Reasons for the Global Offer

The Directors believe that the Global Offer will achieve the following:

- provide a partial realisation, by way of paydown of shareholder debt, of the investment in the Group by TDR Capital, Capricorn, Fidelity and M&G;
- further increase the Group’s profile, brand recognition and credibility with its customers, suppliers and employees; and
- assist in recruiting, retaining and incentivising key management and employees.

Allocation

The rights attaching to the New Ordinary Shares and the existing Ordinary Shares will be uniform in all respects and they will form a single class for all purposes. The Ordinary Shares allocated under the Global Offer have been underwritten, subject to certain conditions, by Merrill Lynch, Deutsche Bank and Goldman Sachs International as described in the paragraph headed ‘‘Underwriting arrangements’’ below and in paragraph 17 of Part X — ‘‘Additional Information’’. Allocations under the Global Offer will be determined at the discretion of Merrill Lynch, Deutsche Bank and Goldman Sachs International following consultation with the Company. All New Ordinary Shares issued pursuant to the Global Offer will be issued, payable in full, at the Offer Price. Liability for UK stamp duty and stamp duty reserve tax is described in paragraph 14 of Part X — ‘‘Additional Information’’.

Dealing arrangements

The Global Offer is subject to the satisfaction of certain conditions contained in the Underwriting Agreement, which are typical for an agreement of this nature. Certain conditions are related to events which are outside the control of the Company, the Directors, TDR Capital, Capricorn, Merrill Lynch, Deutsche Bank and Goldman

Sachs International. Further details of the Underwriting Agreement are described in paragraph 17.1 of Part X — "Additional Information".

It is expected that Admission will take place and unconditional dealings in the Ordinary Shares will commence on the London Stock Exchange at 8.00 a.m. (London time) on 3 November 2005. Settlement of dealings from that date will be on a three-day rolling basis. Prior to Admission, it is expected that dealings in the Ordinary Shares will commence on a conditional basis on the London Stock Exchange on 8 November 2005. The earliest date for settlement of such dealings will be 8 November 2005. **All dealings in the Ordinary Shares prior to the commencement of unconditional dealings will be on a "conditional basis", will be of no effect if Admission does not take place and will be at the sole risk of the parties concerned. These dates and times may be changed.**

Each investor will be required to undertake to pay the Offer Price for the Ordinary Shares sold or issued to such investor in such manner as shall be directed by Merrill Lynch, Deutsche Bank and Goldman Sachs International.

It is expected that Ordinary Shares allocated to investors in the Global Offer will be delivered in uncertificated form and settlement will take place through CREST on Admission. No temporary documents of title will be issued. Dealings in advance of crediting of the relevant CREST stock account shall be at the risk of the person concerned.

Over-allotment and stabilisation

In connection with the Global Offer, Merrill Lynch, as stabilising manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot and effect other transactions with a view to supporting the market price of the Ordinary Shares at a level higher than that which might otherwise prevail in the open market. Merrill Lynch is not required to enter into such transactions and such transactions may be effected on any stock market, over-the-counter market or otherwise. Such stabilising measures, if commenced, may be discontinued at any time and may only be taken during the period from 3 November 2005 up to and including 2 December 2005. Save as required by law or regulation, neither Merrill Lynch nor any of its agents intends to disclose the extent of any over allotments and/or stabilisation transactions under the Global Offer.

In connection with the Global Offer, Merrill Lynch, as stabilising manager, may, for stabilisation purposes, over-allot Ordinary Shares up to a maximum of 20 per cent. of the total number of Ordinary Shares comprised in the Global Offer. For the purposes of allowing it to cover short positions resulting from any such over-allotments and/or from sales of Ordinary Shares by it during the stabilising period, Merrill Lynch has entered into the Over-allotment Arrangements with TDR Capital Nominees Limited and CV1 Limited pursuant to which Merrill Lynch may, on behalf of the Underwriters, purchase or procure purchasers for additional Ordinary Shares up to a maximum of 15 per cent. of the total number of Ordinary Shares comprised in the Global Offer (the "Over-allotment Shares") at the Offer Price. The Over-allotment Arrangements are exercisable in whole or in part, upon notice by Merrill Lynch, at any time on or before the 30th calendar day after the commencement of conditional trading of the Ordinary Shares on the London Stock Exchange. Any Over-allotment Shares made available pursuant to the Over-allotment Arrangements will be purchased on the same terms and conditions as the Ordinary Shares being sold or issued in the Global Offer and will form a single class for all purposes with the other Ordinary Shares.

For a discussion of certain stock lending arrangements entered into in connection with the Over-allotment Arrangements, see paragraph 17.2 of Part X — "Additional Information".

CREST

CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another's without the need to use share certificates or written instruments of transfer.

With effect from Admission, the Articles will permit the holding of Ordinary Shares under the CREST system.

Application has been made for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if any shareholder so wishes. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so. An investor applying for Ordinary Shares in the Global Offer may, however, elect to receive Ordinary Shares in uncertificated form if such investor is a system-member (as defined in the CREST Regulations) in relation to CREST.

Underwriting arrangements

Merrill Lynch, Deutsche Bank and Goldman Sachs International have entered into commitments under the Underwriting Agreement pursuant to which they have agreed, subject to certain conditions, to procure subscribers for the New Ordinary Shares to be issued by the Company under the Global Offer, or, failing which, themselves to subscribe for such Ordinary Shares, at the Offer Price. The Underwriting Agreement contains provisions entitling Merrill Lynch, Deutsche Bank and Goldman Sachs International to terminate the Global Offer (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised, the Global Offer and these arrangements will lapse and any moneys received in respect of the Global Offer will be returned to applicants without interest. The Underwriting Agreement provides for Merrill Lynch, Deutsche Bank and Goldman Sachs International to be paid commissions in respect of the New Ordinary Shares and any Over-allotment Shares sold following exercise of the Over-allotment Arrangements. Any commissions received by Merrill Lynch, Deutsche Bank and Goldman Sachs International may be retained, and any Ordinary Shares acquired by them may be retained or dealt in, by them, for their own benefit.

Further details of the terms of the Underwriting Agreement are set out in paragraph 17.1 of Part X — ''Additional Information''. Certain selling and transfer restrictions are set out in paragraph 16 of Part X — ''Additional Information''.

Lock-up arrangements

Pursuant to the Underwriting Agreement, the Company has agreed that, subject to certain exceptions, during the period of six months from the date of Admission, it will not, without the prior written consent of any two Underwriters, issue, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of, any Ordinary Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.

Pursuant to the Underwriting Agreement and related arrangements, TDR Capital, Capricorn, Fidelity, M&G and the Directors have agreed that, subject to certain exceptions, during the period of six months in respect of TDR Capital, Capricorn, Fidelity and M&G, and 12 months in respect of the Directors, in each case from the date of Admission, they will not, without the prior written consent of any two Underwriters offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Ordinary Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.

Further details of these arrangements, which are contained in the Underwriting Agreement, are set out in paragraph 17.1 of Part X — ''Additional Information''.

Pursuant to a lock-up agreement between the Company and the participants in, and the trustee of, the Partnership Plan, holders of Ordinary Shares held through the operation of the Partnership Plan are subject to a 12-month restriction on the sale or disposal of their Ordinary Shares. This restriction is on substantially the same terms set out in the Underwriting Agreement except that there is an additional exception under which participants (other than those who are also Directors) may sell or dispose of up to 50 per cent. of the vested Ordinary Shares which they hold at Admission. Furthermore, there is an exception allowing transfers of Ordinary Shares which are forfeited under the Partnership Plan. No waiver of these lock-up restrictions may be granted to Senior Management unless the Company has consulted with any two underwriters in relation to such waiver.

PART X

ADDITIONAL INFORMATION

1 Incorporation and activity

1.1 The Company was incorporated and registered in England and Wales on 19 September 2005 under the Companies Act as a public company limited by shares with the name Gondola Holdings plc and with registered number 5566787.

1.2 The registered office of the Company is 20 High Street, St Albans, Hertfordshire AL3 4EL and its principal premises are at 1 Union Business Park, Florence Way, Uxbridge, UB8 2LS. The telephone number of the Company's registered office is 01727 735 800.

1.3 The principal legislation under which the Company operates and under which the Ordinary Shares have been created is the Companies Act.

1.4 The Company is the holding company of the Group.

2 Share capital

Gondola Holdings plc

2.1 On incorporation, the Company's authorised share capital was £50,000 divided into 50,000 Ordinary Shares of £1 each, of which one was issued to each subscriber to the Company's Memorandum of Association.

2.2 Since incorporation there have been the following changes in the authorised and issued share capital of the Company:

2.2.1 By a resolution of the board of directors of the Company passed on 4 October 2005:

(i) one ordinary share of £1 in the capital of the Company was transferred to each of CV1 Limited and TDR Capital Nominees Limited; and

(ii) 24,499 ordinary shares of £1 in the capital of the Company were issued to each of CV1 Limited and TDR Capital Nominees Limited.

2.2.2 By a written resolution of the Company passed on 2 November 2005:

(i) the 50,000 ordinary shares of £1 each in the capital of the Company held by CV1 Limited TDR Capital Nominees Limited were subdivided and re-designated as 200,000 Ordinary Shares;

(ii) the authorised share capital of the Company was increased from £50,000 to £50,000,000 by the creation of an additional 199,800,000 Ordinary Shares;

(iii) the Directors were unconditionally authorised for the purposes of Section 80 of the Companies Act to allot up to an aggregate nominal amount sufficient to permit the issue and allotment of Ordinary Shares in connection with the transactions described in sub-paragraphs (iv) and (v) of this paragraph 2.2.2. The provisions of Section 89 of the Companies Act were disapplied in relation to the allotment of these shares;

(iv) the Directors resolved conditionally to issue and allot 51,046,998 Ordinary Shares to PandoraExpress LP, participants in the Partnership Plan and certain other shareholders in Gondola, as more particularly described in paragraph 3.1 of this Part X; and

(v) the Directors resolved conditionally to issue and allot 40,527,370 Ordinary Shares to the parties described in, and further to the transactions envisaged by, paragraphs 3.2 to 3.5 of this Part X.

2.3 By written resolutions of the Company passed on 2 November 2005 (in the case of the resolutions referred to in paragraphs 2.3.1 to 2.3.4, which resolutions were conditional upon, but which will take effect immediately prior to, Admission) and on 3 November 2005 (in the case of the resolution referred to in paragraph 2.3.5):

2.3.1 in addition, and without prejudice, to any unexercised portion of any authorities and powers granted to the Directors prior to the passing of the resolution, the Directors were generally and unconditionally authorised in accordance with Section 80 of the Companies Act to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act) up to an aggregate nominal amount pursuant to Section 80 of the Companies

Act sufficient to permit the allotment of New Ordinary Shares subscribed for in connection with the Global Offer, provided that this authority expires on the date of the next annual general meeting of the Company, except that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired;

2.3.2 in addition, and without prejudice, to any unexercised portion of any authorities and powers granted to the Directors prior to the passing of the resolution, the Directors were empowered pursuant to Section 95 of the Companies Act to allot equity securities (within the meaning of Section 94 of the Companies Act) for cash, pursuant to the authority conferred by paragraph 2.3.1 above, as if sub-section (1) of Section 89 of the Companies Act did not apply to any such allotment, provided that this power is limited to:

(i) the allotment of equity securities up to a maximum aggregate nominal amount sufficient to permit the Global Offer; and

(ii) the allotment of equity securities in connection with an offer of such securities by way of rights to holders of Ordinary Shares in proportion to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws of any overseas territory, or the requirements of any regulatory body or stock exchange in any territory or otherwise howsoever,

provided that this authority expires on the date of the next annual general meeting of the Company except that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired;

2.3.3 the provisions of Section 89 of the Companies Act (which confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up fully in cash, other than by way of allotment to employees under an employee share scheme as defined in Section 743 of the Companies Act) will apply to the balance of the authorised but unissued ordinary share capital of the Company (to the extent such rights are not disapplied pursuant to Section 95 of the Companies Act);

2.3.4 the Articles were adopted as the new articles of association of the Company; and

2.3.5 the Company resolved to reduce its share premium account by £100 million conditional upon the Global Offer and the allotments referred to in paragraphs 3.1, 3.2, 3.3, 3.4 and 3.5 of this Part X being made. The resolution, passed as a special resolution, requires confirmation by the Companies Court and registration with the Companies Registrar before it can be effective. The petition and application for directions in respect of the reduction of capital will be submitted to the Companies Court after Admission and a court hearing to confirm the capital reduction has been provisionally scheduled to take place.

2.4 By a resolution to be passed at a meeting of Gondola's shareholders on 4 November 2005, the Company is authorised to enter into contingent re-purchase contracts for the purposes of any repurchase of Ordinary Shares yet to be vested under the terms of the Partnership Plan, as described in paragraph 9.1.1 of this Part X.

2.5 Under the Articles, which have been adopted as the new articles of association of the Company conditionally upon, but taking effect immediately prior to, Admission:

2.5.1 the Directors will be generally and unconditionally authorised pursuant to and in accordance with Section 80 of the Act to exercise for each Allotment Period all the powers of the Company to allot relevant securities up to an aggregate nominal amount equal to the Section 80 Amount;

2.5.2 during each Allotment Period, the Directors will be empowered to allot equity securities wholly for cash pursuant to and within the terms of the authority referred to in paragraph 2.5.1 above:

(i) in connection with a Rights Issue; and

(ii) otherwise than in connection with a Rights Issue, up to an aggregate nominal amount equal to the Section 89 Amount,

as if Section 89(1) of the Act did not apply to any such allotment;

2.5.3 by such authority and power the Directors may, during the Allotment Period, make offers or agreements which would or might require securities to be allotted after the expiry of such period; and

2.5.4 for the purposes of this paragraph:

(i) ''Rights Issue'' means an offer of equity securities open for acceptance for a period fixed by the Directors to: (i) holders on the register on a record date fixed by the Directors of ordinary shares in proportion to their respective holdings (for which purpose holdings in certificated and uncertificated form may be treated as separate holdings); and (ii) other persons so entitled by virtue of the rights attaching to any other equity securities held by them, but subject in both cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory;

(ii) ''Allotment Period'' means the period ending on the earlier of the Company's first annual general meeting and 19 December 2007, or any other period (not exceeding five years on any occasion) for which the authority referred to in paragraph 2.5.1 above is renewed or extended by resolution of the Company in general meeting stating the Section 80 Amount for such period;

(iii) the ''Section 80 Amount'' shall for the first Allotment Period be the lesser of the Company's authorised share capital and an aggregate nominal amount equal to one third of the Company's issued ordinary share capital immediately following Admission, and for any other Allotment Period shall be that stated in the relevant resolution renewing or extending the authority referred to in paragraph 2.5.1 above for such period or, in either case, any increased amount fixed by resolution of the Company in general meeting;

(iv) the ''Section 89 Amount'' shall for the first Allotment Period be the lesser of the Company's authorised share capital and an aggregate nominal amount equal to five per cent. of the Company's issued ordinary share capital immediately following Admission, and for any other Allotment Period shall be that stated in the relevant special resolution renewing or extending the power referred to in paragraph 2.5.2 above for such period or, in either case, any increased amount fixed by special resolution; and

(v) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or to convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.

2.6 Following Admission, the authorised and issued share capital of the Company will be as follows:

	Authorised		Issued	
Class of shares	**Number**	**Amount (£)**	**Number**	**Amount (£)**
Ordinary Shares	200,000,000	50,000,000	134,678,196	33,669,549

Gondola Group Limited

2.7 The following is a summary of the changes which have occurred in the issued share capital of Gondola during the three years preceding the date of this document:

2.7.1 Gondola was incorporated with an authorised share capital of £100 divided into 100 shares of £1 each, of which two were issued to the subscriber to the Memorandum of Association.

2.7.2 By a written resolution of the shareholders passed on 6 May 2004, the shareholders of Gondola resolved by special resolution to adopt new articles of association (the ''Gondola Articles''). The Gondola Articles provided that the authorised share capital of Gondola should be £10,200, divided into 100 ordinary A shares of £1 each, 100 ordinary B shares of £1 each and 10,000 ordinary C shares of £1 each.

2.7.3 By a written resolution of the shareholders passed on 6 May 2004:

(i) 100 ordinary A shares were issued and allotted to Duelpeople Limited;

(ii) 100 ordinary B shares were issued and allotted to CV2 Limited; and

(iii) 10,000 ordinary C shares were issued and allotted to PandoraExpress LP.

2.7.4 By a written resolution of the shareholders of Gondola passed on 25 February 2005, the shareholders of Gondola resolved amongst other things:

(i) to sub-divide each of the existing ordinary C shares into 20,000,000 ordinary C shares of £0.0005 each;

(ii) to increase the authorised share capital of Gondola to £13,200, divided into 100 ordinary A shares of £1 each, 100 ordinary B shares of £1 each and 26,000,000 ordinary C shares of £0.0005 each by the creation of an additional 6,000,000 ordinary C shares of £0.0005 each; and

(iii) to amend the Gondola Articles to recognise that the authorised share capital of Gondola at the date of the adoption of the Gondola Articles should be £13,200 divided into 100 ordinary A shares of £1 each, 100 ordinary B shares of £1 each and 26,000,000 ordinary C shares of £0.0005 each.

2.7.5 5,186,210 ordinary C shares were issued to various employees under the "Riposte Partnership Plan scheme" on 28 February 2005.

2.7.6 37,289 ordinary C shares were issued to various employees under the "Riposte Partnership Plan Deed" on 17 August 2005.

2.7.7 By a written resolution of the shareholders passed on 2 November 2005, the ordinary A shares and ordinary B shares of £1 each in the capital of Gondola were subdivided into ordinary A shares and ordinary B shares of £0.0005 each.

2.7.8 By a written resolution of the shareholders passed on 2 November 2005, the ordinary A shares, ordinary B shares and ordinary C shares of £0.0005 each were redesignated as ordinary shares of £0.0005 each.

2.8 Following Admission, the authorised and issued share capital of Gondola will be as follows:

	Authorised		Issued	
Class of shares	**Number**	**Amount (£)**	**Number**	**Amount (£)**
Ordinary shares	26,400,000	13,200	25,623,499	12,812

2.9 Save as disclosed above, and described elsewhere in this Part X:

2.9.1 no share or loan capital of the Company has, within three years of the date of this document, been issued or agreed to be issued, or is now proposed to be issued (other than pursuant to the Global Offer), fully or partly paid, either for cash or for a consideration other than cash, to any person;

2.9.2 no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of any such company; and

2.9.3 no share or loan capital of the Company is under any share option or agreed conditionally or unconditionally to be put under any share option.

3 Reorganisation

Details of reorganisation steps which have been taken by the Group or will be taken by the Group, which have had, or will have, an effect on the share capital of Gondola and the Company are set out below.

On 1 July 2003, warrants were issued to Uberior Trading Limited and Hutton Collins Mezzanine Partners LP. In January 2004, TDR Capital acquired an interest in certain of the warrants owned by Hutton Collins Mezzanine Partners LP.

The warrants became exercisable on 30 June 2004, on the sale by PandoraExpress LP of PandoraExpress 1 Limited to Gondola. The warrants entitled the holders in aggregate to 7 per cent. of the aggregate value of the consideration for the sale of PandoraExpress 1 Limited to Gondola, such aggregate value being the issue of the Gondola Group Loan Notes of an aggregate nominal value of £90,000,000.

On 20 October 2005 pursuant to deeds of exercise and transfer (the ''Warrant Exercise Deeds''), Hutton Collins Mezzanine Partners LP and Uberior Trading Limited exercised their warrants in consideration for a transfer of a proportion of the Gondola Group Loan Notes, ASK DDBs and PE2 DDBs to Hutton Collins Mezzanine Partners LP and The Governor and Company of the Bank of Scotland, respectively.

The Gondola Group Loan Notes, ASK DDBs and PE2 DDBs held by Hutton Collins Mezzanine Partners LP and The Governor and Company of the Bank of Scotland will be redeemed for cash in connection with the Global Offer or purchased for cash by the Company.

On 2 November 2005, TDR Capital exercised its warrants in exchange for £1,720,000 Gondola Group Loan Notes which were transferred by PandoraExpress LP.

Details of other specific reorganisation steps to be taken by the Group are set out below.

3.1 Prior to Admission, pursuant to a share purchase agreement dated 2 November 2005 (the ''Gondola Purchase Agreement''), the Company will acquire the issued share capital of Gondola held by PandoraExpress LP and by David Ross, Zillah Byng-Maddick, Richard Grigson and Karen Jones in Gondola in exchange for an issue by the Company of 40,600,000 Ordinary Shares on the basis of two Ordinary Shares for each share in the capital of Gondola held. The remainder of the issued share capital of Gondola, held by employees of the Group participating in the Partnership Plan, will also be acquired by the Company on a similar basis in exchange for an issue by the Company of a further 10,446,998 Ordinary Shares in aggregate. An application to claim stamp duty relief under Section 77 of the Finance Act 1986 will be made in relation to this transaction. Should the claim be unsuccessful, the Company would be liable to pay approximately £850,000 in stamp duty.

3.2 Prior to Admission, pursuant to the exercise of rights and obligations set out in a put and call option deed dated 2 November 2005 (the ''ASK DDB Put and Call Option Deed''), the Company will acquire the ASK DDBs held by TDR Capital Nominees Limited and Capricorn in exchange for an issue by the Company of 8,205,165 Ordinary Shares. The ASK DDBs will be independently valued by the Company's auditor, PricewaterhouseCoopers LLP, pursuant to the requirements of the Companies Act.

3.3 Prior to Admission, pursuant to the exercise of rights and obligations set out in a put and call option deed dated 2 November 2005 (the ''PE2 DDB Put and Call Option Deed''), the Company will acquire the PE2 DDBs held by TDR Capital Nominees Limited and Capricorn in exchange for an issue by the Company of 14,585,968 Ordinary Shares. The PE2 DDBs will be independently valued by the Company's auditor, PricewaterhouseCoopers LLP, pursuant to the requirements of the Companies Act.

3.4 Prior to Admission, pursuant to a loan note exchange agreement dated 2 November 2005 (the ''Loan Note Exchange Agreement''), the Company will acquire the Gondola Group Loan Notes held by PandoraExpress LP, TDR Capital Nominees Limited and Capricorn in exchange for an issue by the Company of 4,890,579 Ordinary Shares. The Gondola Group Loan Notes will be independently valued by the Company's auditor, PricewaterhouseCoopers LLP, pursuant to the requirements of the Companies Act. Pursuant to an agreement dated 2 November 2005 (the ''Loan Note Acquisition Agreement''), the Company will acquire all remaining Gondola Group Loan Notes for £91.8 million in cash.

3.5 Prior to Admission, pursuant to a purchase agreement dated 2 November 2005 (the ''Fidelity and M&G Purchase Agreement'') and the ASK Restaurants Limited Investment Deed, further details of which are set out in paragraph 19.10 of this Part X, the Company will acquire shares held by Fidelity and M&G in PizzaExpress Limited and ASK Restaurants Limited in exchange for an issue by the Company of 13,561,987 Ordinary Shares and 32,497,452 Company Loan Notes. The consideration will be independently valued by the Company's auditor, PricewaterhouseCoopers LLP, pursuant to the requirements of the Companies Act. The Company will be liable to pay approximately £400,000 in stamp duty in connection with the aforementioned purchase of the Fidelity and M&G shareholdings in PizzaExpress Limited and ASK Restaurants Limited.

3.6 Prior to Admission, pursuant to a share purchase agreement dated 2 November 2005 (the ''Gondola Loan Agreement''), the Company will sell to Gondola the shareholdings in PizzaExpress Limited and

ASK Restaurants Limited which it acquires from Fidelity and M&G in consideration for an intra-group loan of £75,895,809 from the Company to Gondola.

3.7 Prior to Admission, pursuant to a share purchase agreement dated 2 November 2005 (the ''Gondola Finance Loan Agreement''), Gondola will sell to Gondola Finance Limited the shareholdings in PizzaExpress and ASK Restaurants Limited which it acquires from the Company in consideration for an intra-group loan of £75,895,809 from Gondola to Gondola Finance Limited.

3.8 Prior to Admission, pursuant to a share purchase agreement dated 2 November 2005 (the ''Riposte Limited Loan Agreement''), Gondola Finance Limited will sell to Riposte Limited the shareholdings in PizzaExpress and ASK Restaurants Limited which it acquires from Gondola in consideration for an intra-group loan of £75,895,809 from Gondola Finance Limited to Riposte Limited.

3.9 Prior to Admission, pursuant to a share purchase agreement dated 2 November 2005 (the ''ASK Loan Agreement''), Riposte Limited will sell to ASK Central Limited its shareholdings in PizzaExpress and ASK Restaurants Limited which it acquires from Gondola Finance Limited in consideration for an intra-group loan of £75,895,809 from Riposte Limited to ASK Central Limited.

4 Memorandum of Association

The Memorandum of Association of the Company provides that its objects include, among others, to carry on the business of a holding company, and to carry on any trade or business which can, in the opinion of the Board, be advantageously carried on in connection or conjunction with any of the Company's businesses and to do all such other things as may be considered incidental or conducive to the attainment of any of the Company's objects. The objects of the Company are set out in full in Clause 4 of the Memorandum of Association, which is available for inspection at the address specified in paragraph 25 of this Part X.

5 Articles of Association

The Articles include provisions to the following effect:

5.1 Alteration of share capital

The Company may by ordinary resolution increase its share capital, consolidate and divide any of its share capital into shares of a larger amount, cancel any unissued shares, diminish the amount of its capital by the amount of the shares so cancelled, and sub-divide its shares into shares of a smaller amount. Subject to the provisions of the Companies Act, the Company may by special resolution reduce its share capital, share premium account, capital redemption reserve or other undistributable reserve in any way.

5.2 Purchase of own shares

Subject to the Companies Act and the Listing Rules, the Company may purchase any of its own shares of any class, including any redeemable shares, provided that if there are in issue any shares admitted to the Official List maintained by the Financial Services Authority and which are convertible into a class of shares proposed to be purchased, the Company may not purchase or enter into a contract under which it will or may purchase such shares unless either the terms of issue of the convertible shares include provisions permitting the Company to purchase its own shares or provide for adjustment of the conversion terms upon such a purchase or the purchase or contract is first approved by extraordinary resolution of the holders of such convertible shares.

5.3 Share rights

Without prejudice to any special rights attached to any existing shares or class of shares, any share in the Company may be issued with such preferred, deferred or other special rights or restrictions as the Company may by ordinary resolution determine or, in the absence of such determination, as the Board may determine.

Subject to the Companies Act and the Listing Rules, the Company may issue shares which are, or at the option of the Company or the holder are liable, to be redeemed.

5.4 Allotment of securities and sale of treasury shares

Subject to the provisions of the Companies Act and any resolution of the Company passed in general meeting, all unissued shares are at the disposal of the Directors and they may allot, grant options over or otherwise dispose of them to persons at such times and on such terms as they think proper.

Directors may allot equity securities wholly for cash in accordance with the provisions of the Companies Act and sell their treasury shares wholly for cash in connection with a rights issue and otherwise than in connection with a rights issue, up to an aggregate nominal amount which shall, for the period ending on the earlier of the Company's first annual general meeting and 20 January 2007, be the lesser of the Company's authorised share capital and five per cent. of the Company's issued share capital and, for subsequent periods, up to an amount fixed by a special resolution of the Company in general meeting, as if pre-emption rights under the Companies Act did not apply to such allotment or sale.

5.5 Share certificates

Every holder of shares in certificated form whose name is entered on the Register is entitled, without payment, to a certificate in respect of such shares. In the case of joint holders, delivery of a certificate to one of the joint holders shall be sufficient delivery to all.

5.6 Forfeiture and lien

The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares, subject to the terms of allotment of such shares. Each member shall (subject to being given at least 14 days' notice in writing specifying the time or times and place of payment) pay to the Company the specified amount called on his shares. If a member fails to pay in full or by instalment of a call, the Directors may at any time thereafter serve a notice in writing to him requiring payment of such unpaid amount together with any interest accrued thereon and any expenses incurred by the Company by reason of such non-payment. Interest shall accrue on any sums which are unpaid from the day appointed for payment thereof to the time of actual payment at such rate as the Directors may determine (although this shall not exceed 15 per cent. per annum). The notice shall state that, in the event of non-payment in accordance with the notice, the shares on which the call has been made will be liable to be forfeited.

The Company shall have a first and paramount lien on every share (not being a fully-paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such share. The Directors may waive any lien which has arisen. The Company may sell, in such manner as the Directors think fit, any share on which the Company has a lien if any sum in respect of which the lien exists is presently payable and is not paid within 14 days after a notice of intention to sell the share in default of payment shall have been given to the holder of the share.

5.7 Variation of rights

Subject to the provisions of the Companies Act, the special rights attached to any class of shares may be varied or abrogated either with the written consent of the holders of three-quarters in nominal value of the issued shares of the class or the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of the class.

5.8 Transfer of shares

Any member may transfer all or any of his certificated shares by an instrument of transfer in writing in any usual or common form or in any other form acceptable to the Directors. An instrument of transfer shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. An instrument of transfer may be under hand only.

All transfers of shares which are in uncertificated form shall, subject to the Regulations, be effected by means of a relevant system.

The Directors may in their absolute discretion and without assigning any reason therefor refuse to register any transfer of certificated shares, which are not fully-paid shares, provided that the refusal does not prevent dealings in the shares of that class from taking place on an open and proper basis.

The Directors may also refuse to register the transfer of a certificated share unless the instrument of transfer:

5.8.1 is lodged, duly stamped (if stampable), at the office or at another place appointed by the Directors accompanied by the certificate for the share to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

5.8.2 is in respect of one class of share only; and

5.8.3 is in favour of not more than four persons.

If the Directors refuse to register a transfer of a share in certificated form, it shall send the transferee notice of its refusal within two months after the date on which the instrument of transfer was lodged with the Company.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to a share.

5.9 General meetings

5.9.1 All general meetings of the Company other than annual general meetings shall be called extraordinary general meetings.

5.9.2 Except for the annual general meeting, the Directors shall convene and the Company shall hold general meetings as extraordinary general meetings in accordance with the Companies Act. The Directors may call general meetings whenever they think fit. On the requisition of members pursuant to the provisions of the Companies Act, the Directors shall promptly convene an extraordinary general meeting.

5.9.3 An annual general meeting and an extraordinary general meeting called for the passing of a special resolution shall be called by at least 21 clear days' written notice. All other extraordinary general meetings shall be called by at least 14 clear days' written notice. Subject to the provisions of the Companies Act, the provisions of the Articles and to any restrictions imposed on any shares, the notice shall be sent to all the members, to each of the directors and to the auditors.

5.9.4 The notice shall specify the time and place of the meeting and the general nature of the business to be transacted at the meeting.

5.9.5 In the case of an annual general meeting, the notice shall specify the meeting as such. In the case of a meeting to pass a special or extraordinary resolution, the notice shall contain a statement to that effect.

5.9.6 The Company may specify in the notice a time, which may not be more than 48 hours before the time fixed for the meeting, by which a person must be entered on the Register in order to have the right to attend and vote at the meeting.

5.9.7 Any resolution which is not of a procedural nature put to the vote at the meeting shall be decided on a poll, and any procedural resolution shall be decided on a show of hands unless a poll is demanded by:

(i) the chairman of the meeting; or

(ii) not fewer than five members present in person or by proxy and entitled to vote; or

(iii) a member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(iv) a member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

5.9.8 A poll shall be taken in such manner as the chairman of the meeting may decide.

5.9.9 A Director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the capital of the Company.

5.10 Voting rights

Subject to any special rights or restrictions as to voting attached to any shares, on a show of hands every member who is present in person shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder. On a poll, a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

No member shall be entitled to vote at any general meeting unless all moneys presently payable by him in respect of shares in the Company have been paid. Subject to the provisions of the Companies Act, a shareholder which has been duly served with a notice under Section 212 of the Companies Act and which is in default for a period of 14 days in supplying the Company with the information requested shall not be entitled to attend or vote personally or by proxy at shareholders' meetings.

5.11 Directors

5.11.1 Appointment of Directors

Unless otherwise determined by ordinary resolution, the number of Directors shall be not less than two nor more than 12 in number. Directors may be appointed by ordinary resolution or by the Board. Subject to the provisions on rotation of Directors, a Director appointed by the Board holds office only until the next following annual general meeting and, if not re-appointed at such annual general meeting, shall vacate office at its conclusion.

The Directors may appoint any one or more of their body to be Executive Directors and confer on them any powers exercisable by them as the Directors think fit.

5.11.2 Age of Directors

The provisions of the Companies Act with regard to age limit for Directors shall apply to the Company.

5.11.3 No share qualification

A Director shall not be required to hold any shares in the capital of the Company by way of qualification.

5.11.4 Retirement of Directors by rotation

Each Director shall retire at the annual general meeting held in the third calendar year following the year in which he was elected or last re-elected and, unless he has agreed to retire at the annual general meeting, he shall be eligible for re-election.

5.11.5 Remuneration of Directors

The emoluments of any Director holding executive office for his services as such shall be determined by the Board, and may be of any description.

The ordinary remuneration of the Directors who do not hold executive office for their services shall be limited to £500,000 per annum, or such higher amount as may be determined by ordinary resolution (including amounts payable under any other provision of the Articles).

Any Director who holds executive office, serves on any committee of the Board and performs services outside the scope of the ordinary duties of a Director may be paid such extra remuneration or may receive such other benefits as the Board may determine.

In addition to any remuneration to which the Directors are entitled under the Articles, they may be paid all reasonable expenses as they may incur in attending and returning from meetings of the Directors or of any committee of the Directors or shareholders' meetings or otherwise in connection with the business of the Company.

The Board may provide benefits, whether by the payment of gratuities or pensions or by other retirement, superannuation, death or disability benefits or otherwise, to (or to any person in respect of) any Director or ex-Director of the Company.

5.11.6 Permitted interests of Directors

Subject to the provisions of the Companies Act, and provided that he has disclosed to the Board the nature and extent of any material interest of his, a Director notwithstanding his office:

(a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company in which the Company is otherwise interested;

(b) may act by himself or on behalf of his firm in a professional capacity for the Company (otherwise than as auditor), and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;

(c) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and

(d) shall not, save as otherwise agreed by him, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate, and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

5.11.7 Restrictions on voting

A Director shall not vote on any resolution of the Board concerning a matter in which he has a material interest but these prohibitions shall not apply to:

(a) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings;

(b) the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the Director has assumed responsibility (in whole or part) under a guarantee or indemnity or by the giving of security;

(c) a proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings, in which offer he is or may be entitled to participate as a holder of securities, or in the underwriting or sub-underwriting of which he is to participate;

(d) a contract, arrangement, transaction or proposal concerning any other body corporate in which he or any person connected with him is interested, directly or indirectly, and whether as an officer, shareholder, creditor or otherwise, if he and any persons connected with him do not to his knowledge hold an interest (as that term is used in sections 198 to 211 of the Companies Act) representing one per cent. or more of either any class of the equity share capital of such body corporate (or any other body corporate through which his interest is derived) or of the voting rights available to members of the relevant body corporate (any such interest being deemed for the purpose of this paragraph to be a material interest in all circumstances);

(e) a proposal for the benefit of employees of the Company or of any of its subsidiary undertakings which does not award him any privilege or benefit not generally accorded to the employees to whom the arrangement relates; and

(f) a proposal concerning (i) any insurance which the Company is empowered to purchase or maintain for, or for the benefit of, any Directors or for persons who include Directors or (ii) indemnities in favour of Directors, or (iii) the funding of expenditure by one or more Directors on defending proceedings against him or them, or (iv) the doing of anything to enable such Director or Directors to avoid incurring such expenditure.

5.11.8 Borrowing powers

The Board may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property (present and future) and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Directors must restrict the borrowings of the Company so that the aggregate amount outstanding in respect of borrowings by the Group shall not, without an ordinary resolution of the Company, equal (i) before the publication of the first audited consolidated accounts of the Company after the date of Admission, the sum of £1 billion and (ii) thereafter, a sum equal to three times the aggregate of the amount paid up or credited as paid up on the Company's issued share capital and the total amount standing to the credit of the capital and revenue reserves of the Group as shown in the latest audited balance sheet of the Group (after certain customary adjustments).

5.11.9 Indemnity of officers

Subject to the provisions of the Companies Act but without prejudice to any indemnity to which a Director may otherwise be entitled, every Director or other officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

5.12 Dividends and other distributions

5.12.1 Subject to the provisions of the Companies Act, the Company may by ordinary resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.

5.12.2 The Directors may pay fixed and interim dividends if and in so far as in the opinion of the Directors the profits of the Company justify such payments. If the Directors act in good faith, they shall not incur any liability to the holders of any shares for any loss they may suffer by the lawful payment, on any other class of shares having rights ranking after or *pari passu* with those shares, of any such fixed or interim dividend.

5.12.3 The Company may, upon the recommendation of the Directors, by ordinary resolution, direct payment of a dividend in whole or in part *in specie* and the Directors shall give effect to such resolution.

5.12.4 Except as otherwise provided by the rights attaching to any class of shares or the terms of issue thereof, all dividends shall be apportioned and paid pro rata according to the amounts paid on the shares during any period or portions of the period in respect of which the dividend is paid.

5.12.5 No dividend or other moneys payable in respect of a share shall bear interest against the Company.

5.12.6 The Directors may retain any dividend or moneys payable in respect of a share on which the Company has a lien.

5.12.7 Any dividend unclaimed after a period of six years from the date on which such dividend was declared or became due for payment shall be forfeited and revert to the Company.

5.12.8 The Directors may, if authorised by an ordinary resolution of the Company, offer any holder of shares the right to elect to receive shares by way of scrip dividend instead of cash.

5.13 Winding up

Except as provided by the rights and restrictions attached to any class of shares, the holders of the Company's shares will under general law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings. A liquidator may, with the sanction of an extraordinary resolution and any other sanction required by the Companies Act, divide among the members *in specie* the whole or any part of the assets of the Company and may, for that purpose, value any assets

and determine how the division shall be carried out as between the members or different classes of members.

5.14 Disclosure of beneficial ownership

As provided by Section 199 of the Companies Act, a person has a notifiable interest in the share capital of the Company when (i) he has material interests with an aggregate nominal value equal to or greater than three per cent. of the nominal share capital or (ii) not having such an interest by virtue of (i) above, the aggregate nominal value of the shares in which he has interests (whether or not these are material interests) is equal to or more than 10 per cent. of that share capital.

If at any time any member, or any other person appearing to be interested in shares held by such member, has been served with a notice under Section 212 of the Companies Act (a ''Section 212 notice'') and is in default for a period of 14 days in supplying to the Company the information thereby required, then the Board may, in its absolute discretion by notice in writing (a ''direction notice'') to such member, direct that:

5.14.1 in respect of the shares in relation to which the default occurred (the ''default shares'', which expression includes any shares issued after the date of the Section 212 notice in respect of those shares) the member shall not (for so long as the default continues) nor shall any transferee to whom any of such shares are transferred (other than pursuant to an approved transfer) be entitled to vote either personally or by proxy at a shareholders' meeting or to exercise any other right confirmed by membership in relation to shareholders' meetings; or

5.14.2 where the default shares represent 0.25 per cent. or more of the issued shares of the class in question, the direction notice may additionally direct that in respect of the default shares:

(i) no transfer shall be made by way of dividend and no share shall be allotted in lieu of payment of a dividend;

(ii) no transfer of any default share shall be registered unless:

(a) the transfer is an approved transfer; or

(b) the member is not himself in default as regards supplying the information required and the transfer is of part only of the member's holding and when presented for registration is accompanied by a certificate from the member in a form satisfactory to the Board to the effect that after due and careful enquiry the member is satisfied that none of the shares the subject of the transfer are default shares; or

(c) registration of the transfer is required by the Registration.

Any direction notice shall cease to have effect not more than seven days after the default being duly remedied.

6 Directors', Senior Management's and other interests

6.1 The Directors and members of Senior Management, their functions within the Company and brief biographies are set out in Part VI ''Management and Significant Shareholders'' under the sections headed ''Board of Directors'' and ''Senior Management''.

6.2 Each of the Directors can be contacted at the Company's registered address at 20 High Street, St Albans, Hertfordshire AL3 4EL.

6.3 The table below sets out certain interests of the Directors (and of persons connected with them) in the share capital of the Company as they are expected to be immediately prior to (assuming completion of the Reorganisation), and following, Admission. The interests of the Directors and of each of their immediate families and related trusts, all of which are beneficial (unless otherwise stated), in the share capital of the Company which are shown in the table below: (i) have been notified to the Company pursuant to Section 324 or 328 of the Companies Act; or (ii) are required to be entered in the register of Directors' interests (maintained under the provisions of Section 325 of the Companies Act); or (iii) are interests of a person connected (within the meaning of Section 346 of the Companies Act) with a Director which would, if the connected person were a Director, be required to be disclosed under (i) or (ii) above, and the existence of which is known to or could with reasonable diligence be ascertained by that Director.

Director	Immediately prior to Admission[1]		Immediately following Admission	
	Number of Ordinary Shares owned	As a percentage of issued ordinary share capital	Number of Ordinary Shares owned	As a percentage of issued ordinary share capital
David Ross	795,712	0.9	795,712	0.6
Harvey Smyth	1,633,464	1.8	1,633,464	1.2
Jo Fleet	198,534	0.2	198,534	0.1
Chris Heath[4]	—	—	—	—
Manjit Dale[2]	—	—	—	—
Julian Seaward	738,979	0.8	738,979	0.5
Robert 't Hooft[3]	—	—	—	—
Zillah Byng-Maddick	10,610	0.01	10,610	0.01
Richard Grigson	26,524	0.03	26,524	0.02
Karen Jones	92,834	0.1	92,834	0.1

Notes:

(1) Assuming completion of the Reorganisation, pursuant to which the Company will issue and allot two Ordinary Shares to holders of ordinary shares in Gondola for every one ordinary share they currently hold.

(2) Manjit Dale and Julian Seaward may be deemed to be interested in 43,554,599 Ordinary Shares immediately following Admission as a result of their affiliation with TDR Capital, which, with its Associates, are the record owners of such shares.

(3) Robert 't Hooft may be deemed to be interested in 25,662,777 Ordinary Shares as a result of his affiliation with Capricorn and its related funds, which, with its Associates, are the record owners of such shares. Robert 't Hooft is also a potential beneficiary under a discretionary trust which currently owns all the shares in Capricorn Ventures International Limited.

(4) Under the terms of his service agreement, Chris Heath is entitled to an award of Ordinary Shares with a value, on the basis of the Offer Price, equal to £275,000. The shares will be issued, subject to Mr. Heath's continued employment, in three equal tranches on the first, second and third anniversaries of the date of Admission.

6.4 Members of Senior Management and their connected persons will collectively hold, assuming completion of the Reorganisation, 1,813,985 Ordinary Shares immediately following Admission.

6.5 The interests of the Directors together represent 3.8 per cent. of the issued share capital of the Company as at the date of this document and are expected to represent approximately 2.6 per cent. of the issued share capital of the Company immediately following Admission.

6.6 Save as set out in this paragraph 6, and in Part VIII — ''Accountants' Reports and Financial Information for the Group'', none of the Directors has any interests in the share or loan capital of the Company or any of its subsidiaries.

6.7 Save as set out in paragraph 19.11 of this Part X, no Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or is or was significant to the business of the Group and which was effected by any member of the Group in the current or immediately preceding financial year or which was effected during an earlier financial year and remains in any respect outstanding or unperformed.

6.8 Except as described in paragraph 30 of Section B of Part VIII — ''Accountants' Reports and Financial Information for the Group'', there are no outstanding loans granted by any member of the Group to any Director, nor has any guarantee been provided by any member of the Group for their benefit.

6.9 In addition to their directorships in the Company and certain subsidiaries of the Company, the Directors and members of Senior Management hold, or have held within the past five years, the following directorships:

Name	Current or former directorships/ partnerships	Position still held (Y/N)
Director		
David Ross	Big Yellow Group Plc	Y
	Cosalt Public Limited Company	Y
	Holyoaks Farm Limited	Y
	National Express Group Plc	Y
	The Carphone Warehouse Group PLC	Y
	Trinity Mirror Plc	Y
	Wembley National Stadium Limited	Y

Name	Current or former directorships/ partnerships	Position still held (Y/N)
	PizzaExpress Limited	Y
Harvey Smyth	75B Victoria Limited	N
	Action Rock Limited	N
	Arriveobtain Limited	N
	Agenbite Limited	Y
	Al Rollo Limited	Y
	PizzaExpress Limited	Y
	PizzaExpress (Soho) Limited	Y
	Pasta Di Milano Limited	Y
	Peartree Green Limited	N
	Pret A Manger Limited	N
	Pret A Manger (Europe) Limited	N
	Pret A Manger (GB) Limited	N
	Pret A Manger (Hong Kong) Limited	N
	Pret A Manger (Holdings) Limited	N
	Pret A Manger (Netherlands) Limited	N
	Pret A Manger (UK) Limited	N
	Pret A Manger (USA) Limited	N
	September 1993 Plc	Y
	Shire Cape Limited	N
Jo Fleet	ASK Central Limited	Y
	ASK Restaurants Limited	Y
Zillah Byng-Maddick	Agnew Stores Limited	Y
	Cater Stoffell and Fortt Limited	Y
	D&A Haddow Limited	Y
	First Quench Retailing Limited	Y
	Maxza Enterprises Limited	Y
	The Victoria Wine Company Limited	Y
	Thresher and Company Limited	Y
	Thresher Group Limited	Y
	Thresher Leasing Limited	Y
	Thresher Wines Acquisitions Limited	Y
	Thresher Wines Financial Services Limited	Y
Manjit Dale	Agenbite Limited	Y
	Algeco SA	Y
	BookCash Trading Limited	Y
	Café Pasta Limited	Y
	Duelpeople Limited	Y
	EGL Group Limited	Y
	EGL Investments Limited	Y
	Elliott Group Holdings Limited	Y
	Elliott Group Limited	Y
	Fallview Limited	Y
	GondolaExpress PLC	Y
	Gondola Finance Limited	Y
	Gondola Group Limited	Y
	Halfcity Limited	Y
	Hera Investments One Limited	Y
	Hera Investments Two Limited	Y
	Jambright Limited	Y
	London Life Limited	Y
	National Provident Life Limited	Y
	New Lecta SA	Y
	NPI Limited	Y
	PizzaExpress (Franchises) Limited	Y
	PizzaExpress (Jersey) Limited	Y

Name	Current or former directorships/ partnerships	Position still held (Y/N)
	PizzaExpress Limited	Y
	PizzaExpress Merchandising Limited	Y
	PizzaExpress (Restaurants) Limited	Y
	PizzaExpress (Wholesale) Limited	Y
	PandoraExpress 1 Limited	Y
	PandoraExpress 2 Limited	Y
	PandoraExpress 2A Limited	Y
	PandoraExpress 3 Limited	Y
	PandoraExpress 4 Limited	Y
	PandoraExpress 5 Limited	Y
	Pasta Holdings Limited	Y
	Pearl Assurance Limited	Y
	Pearl Group Limited	Y
	Pizza Marzano SA	Y
	Pizza Marzano SASU	Y
	Rapala VMC Corporation	Y
	Riposte Limited	Y
	Ristretto Finance S.à r.l.	Y
	Ristretto Holdings SAS	Y
	Ristretto Investissements SAS	Y
	Ristretto Investments S.à r.l.	Y
	Ristretto Managers SAS	Y
	Ristretto Managers S.à r.l.	Y
	Ristretto SAS	Y
	Speed 3969 Limited	Y
	TDR Capital Properties Limited	Y
	TDR Capital Funding Limited	Y
	TDR Capital General Partner Limited	Y
	The Gourmet Pizza Company Limited	Y
	Wayracer Limited	Y
	TDR Capital Nominees Limited	Y
Richard Grigson	56 Bow Road Management Company Limited	Y
	Cambridge Colleges Superannuation Trustees Limited	Y
	Hardingham Estates Limited	Y
	Peterhouse Enterprises Limited	Y
	Peterhouse Ward Library Limited	Y
Chris Heath	Allied Domecq España SA	N
	Allied Domecq Spirits & Wine (UK) Limited	N
	Britannia Soft Drinks Limited	N
	PizzaExpress Limited	Y
Karen Jones	Aspect Leisure Activities Limited	Y
	Aspect Ventures Limited	Y
	AVL (Pubs) No.1 Limited	Y
	AVL (Pubs) No.2 Limited	Y
	Bar Room Bar Limited	Y
	Barnaby's Carvery Limited	Y
	Barshelf 2 Limited	Y
	British Beer & Pub Association	Y
	Catertour Limited	Y
	Chef & Brewer Hotels Limited	Y
	Chef & Brewer Limited	Y
	Cheshire Hotels (Developments) Limited	Y
	Cheshire Hotels Limited	Y
	City Limits Limited	Y
	Cleveland Place Holdings Limited	Y

Name	Current or former directorships/ partnerships	Position still held (Y/N)
	Country Carvery Restaurants Limited	Y
	Country Fayre Restaurants Limited	Y
	Country Grill Restaurants Limited	Y
	CPH (R&L) No.1 Limited	Y
	CPH (R&L) No.2 Limited	Y
	CPH Palladium Limited	Y
	Dearg Limited	Y
	EMAP PLC	Y
	Faith @ Bar Room Bar Limited	Y
	Freehouse Limited	Y
	Freshwild Limited	Y
	Homespreads Limited	Y
	Huggins and Company, Limited	Y
	John Barras & Co Limited	Y
	Little London Pubs Limited	Y
	London Pub-Restaurants Limited	Y
	London Tourist Pubs Limited	Y
	Mountloop Limited	Y
	Narnain	Y
	New Pubco Holdings Limited	Y
	New Pubco (SLB) Limited	Y
	Old Orleans Limited	Y
	Open House Limited	Y
	Partstripe Limited	Y
	Punch Taverns (PPCF) Limited	Y
	Readystripe Limited	Y
	Royal National Theatre Enterprises Limited	Y
	R.V. Goodhew Limited	Y
	Schooner Inns Limited	Y
	Southern Inns Limited	Y
	Spirit Acquisition Properties Limited	Y
	Spirit Acquisitions Guarantee Limited	Y
	Spirit Acquisitions Holdings Limited	Y
	Spirit (AKE) Holdings Limited	Y
	Spirit Financial Holdings Limited	Y
	Spirit Group Equity Limited	Y
	Spirit Group Holdings Limited	Y
	Spirit Group Limited	Y
	Spirit Group Parent Limited	Y
	Spirit Group Retail Pubs and Restaurants Limited	Y
	Spirit Group Retail Limited	Y
	Spirit Group Retail Hotels Limited	Y
	Spirit Group Retail (Northampton) Limited	Y
	Spirit Group Retail (North) Limited	Y
	Spirit Group Retail (South) Limited	Y
	Spirit Group Retail (Pubs) No.1 Limited	Y
	Spirit Group Retail (Pubs) No.2 Limited	Y
	Spirit Intermediate Holdings Limited	Y
	Spirit Managed Holdings Limited	Y
	Spirit Managed Inns Limited	Y
	Spirit Retail Bidco Limited	Y
	Spirit Pubs Parent Limited	Y
	Spirit Managed Funding Limited	Y
	Spirit Managed Pubs Limited	Y
	Spirit Pubs Holdings Limited	Y
	Spirit Group Finco Limited	Y

Name	Current or former directorships/ partnerships	Position still held (Y/N)
	Spirit Issuer plc	Y
	Spirit Issuer Parent Limited	Y
	Spirit (Lodges Holdings) Limited	Y
	Spirit (SGL) Limited	Y
	Spirit Parent Limited	Y
	Spirit (PSC) Limited	Y
	Spirit Supply Company Limited	Y
	Springtarn Limited	Y
	Steward and Patteson Limited	Y
	Stickpad Limited	Y
	Telscombe Tavern Limited	Y
	The Chef & Brewer Limited	Y
	The Host Group Limited	Y
	The Nice Pub Company Limited	Y
	Tom Cobleigh Group Limited	Y
	Tom Cobleigh Holdings Limited	Y
	Tom Cobleigh (Inns) Limited	Y
	Tom Cobleigh Limited	Y
	Tom Cobleigh (Trading) Limited	Y
	Whitegate Taverns Limited	Y
Julian Seaward	Carp (H) Limited	N
	Carp (UK) 1 Limited	N
	Level 40 Management Services Limited	N
	Center Parcs (Operating Company) Limited	N
Robert 't Hooft	Agenbite Limited	Y
	Bookcash Trading Limited	Y
	Café Pasta Limited	Y
	Capricorn Ventures International Limited	Y
	Cranks Retail Limited	Y
	CV2 Limited	Y
	Devonshire Administration Limited	N
	Devonshire Capital Holdings Limited	Y
	Gondola Express PLC	Y
	Gondola Finance Limited	Y
	Gondola Group Limited	Y
	Halfcity Limited	Y
	Nando's Chicken Limited	Y
	Nando's Chickenland Limited	Y
	Nando's Finance Limited	Y
	Nando's Group Holdings (Pty) Limited	Y
	PizzaExpress (Franchises) Limited	Y
	PizzaExpress (Jersey) Limited	Y
	PizzaExpress Limited	Y
	PizzaExpress Merchandising Limited	Y
	PizzaExpress (Restaurants) Limited	Y
	PizzaExpress (Wholesale) Limited	Y
	PandoraExpress 1 Limited	Y
	PandoraExpress 2 Limited	Y
	PandoraExpress 3 Limited	Y
	PandoraExpress 4 Limited	Y
	PandoraExpress 5 Limited	Y
	PandoraExpress 2A Limited	Y
	Pasta Holdings Limited	Y
	PrivetFlame Limited	N
	Riposte Limited	Y
	Speed 3969 Limited	Y

Name	Current or former directorships/ partnerships	Position still held (Y/N)
	The Gourmet Pizza Company Limited	Y
	The Grocery Company Limited	Y
	Wayracer Limited	Y
Senior Management		
Helen Burgess	—	—
Mark Crawford	Blue and Pink Limited	Y
	F.S.L. Event Management Limited	N
	Synergys Consulting Limited	Y
Martin Eckersley	ASK Central Limited	Y
	ASK Restaurants Limited	Y
	ASK 25 Limited	Y
	CASK Investments Limited	Y
	Mean Ole Frisco Limited	Y
Adam Kaye	ASK Central Limited	Y
	ASK Restaurants Limited	Y
	ASK 25 Limited	Y
	CASK Investments Limited	Y
	IT's Restaurants Limited	Y
	Kaye Properties Limited	Y
	Kropifko Properties Limited	Y
	Mean Ole Frisco Limited	Y
	Proper Proper T Limited	Y
Sam Kaye	ASK Central Limited	Y
	ASK Restaurants Limited	Y
	ASK 25 Limited	Y
	Belsize Mews (Residents) Limited	Y
	Cask Investments Limited	Y
	Kaye Properties Limited	Y
	Kropifko Properties Limited	Y
	Mean Ole Frisco Limited	Y
Nigel Garfitt	—	—
Jackie Freeman	—	—

6.10 Save as set out above, and in paragraph 19.11 of this Part X, none of the Directors, the Senior Management nor the Company Secretary has any business interests, nor performs any activities, outside the Group which are significant with respect to the Group.

6.11 At the date of this document, none of the Directors or Senior Management has at any time within the last five years:

(i) had any convictions (whether spent or unspent) in relation to offences involving fraud or dishonesty;

(ii) been adjudged bankrupt or been the subject of any individual voluntary arrangement;

(iii) been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies);

(iv) been disqualified by a court from acting as a director or other officer of any company or from acting in the management or conduct of the affairs of any company;

(v) been a partner in a partnership which, while he was a partner or within 12 months of his ceasing to be a partner, was put into compulsory liquidation or administration or which entered into any partnership voluntary arrangement, or had a receiver appointed over any partnership asset;

(vi) had a receiver appointed with respect to any assets belonging to him; or

(vii) (save as set out in paragraphs 6.12 and 6.13 below) has been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or which entered into any company voluntary arrangement or any composition or

arrangement with its creditors generally or any class of creditors, at any time during which he was a director of that company or within 12 months after his ceasing to be a director.

6.12 Mark Crawford was a director of FSL Event Management Limited when it was taken into creditors' voluntary liquidation in January 2003. There was a shortfall to creditors of £54,000.

6.13 Robert 't Hooft was a director of Cranks Retail Limited when it was taken into creditors' voluntary liquidation in January 2003. The deficit to creditors shown in the directors' statement of affairs was £1,332,106, of which Capricorn Ventures International Limited represented £945,000.

6.14 Two members of the Senior Management—Adam Kaye and Sam Kaye—are brothers, and therefore have a family relationship for the purposes of the Prospectus Rules.

6.15 Save as set out in paragraphs 6.14 and 6.16, and save for their capacities as persons legally and beneficially interested in Ordinary Shares, there are:

(i) no potential conflicts of interest between any duties to the Company of the Directors and members of Senior Management and their private interests and/or other duties;

(ii) no arrangements or understandings with major shareholders, members, suppliers or others, pursuant to which any Director or member of the Senior Management was selected; and

(iii) no restrictions agreed by any Director or member of the Senior Management on the disposal within a certain time of their holdings in the Company's securities.

6.16 The Company and the Principal Shareholders have entered into the Relationship Agreement for the purpose of regulating certain aspects of the relationship between them. As well as being Directors of the Company, Manjit Dale and Julian Seaward are both affiliated with TDR Capital and Robert 't Hooft is affiliated with Capricorn. Harvey Smyth is a limited partner of PandoraExpress LP, a limited partnership controlled by TDR Capital and Capricorn (as described in paragraph 19.11 of this Part X).

7 Interests of the Principal Shareholders and other shareholders

Other than the interests of the Directors and members of the Senior Management disclosed in this paragraph 7 and subject to the arrangements set out in paragraph 17 below (and assuming no exercise of the Over-allotment Arrangements), in so far as the Directors are aware, the persons set out below will immediately prior to (assuming completion of the Reorganisation), and following, Admission, be interested in three per cent. or more of the Company's issued share capital:

	Immediately prior to Admission[(1)]		Immediately following Admission	
Name	**Number of Ordinary Shares**	**Percentage of issued ordinary share capital**	**Number of Ordinary Shares**	**Percentage of issued ordinary share capital**
TDR Capital Nominees Limited[(2)]	43,554,599	47.1	43,554,599	32.3
CV1 Limited	25,662,777	27.7	25,662,777	19.1
FIL	7,654,083	8.3	7,654,083	5.7

Notes:

(1) Assuming completion of the Reorganisation.

(2) Held as nominee for TDR Capital.

None of the Company's major shareholders have or will have different voting rights attached to the shares they hold in the Company.

8 Directors' and Senior Management's service agreements, remuneration and other matters

8.1 Harvey Smyth and Jo Fleet have entered into service agreements with PizzaExpress Limited and ASK Restaurants Limited, respectively, which are governed by English law. Details of the service agreements of the Executive Directors as they will apply on Admission, including details of the

remuneration paid, any contingent or deferred consideration, and benefits in kind granted, during the year ended 26 June 2005, are set out below:

Name	Position	Annual salary (£)	Other remuneration/ benefits (£)[1]	Date of joining the Group	Notice period
Harvey Smyth	Executive Director	150,000[2]	185,649	27 October 2003	Termination upon 12 months' notice
Jo Fleet	Executive Director	125,000[3]	97,568	19 January 1998	Termination upon 12 months' notice

Notes:

(1) Includes car allowance, annual bonus in respect of performance in financial year ending 26 June 2005, benefits in kind and employee pension contributions (as applicable).

(2) Mr Smyth's salary was increased to £175,000 per annum with effect from 1 July 2005.

(3) From 6 May 2004 to 31 October 2004, Jo Fleet's salary was £120,000.

8.2 Save for the arrangements described in this paragraph, the service contracts for each of the Directors, and letters of appointment for the Non-Executive Directors, do not provide for any benefits upon termination of employment.

In the event that Harvey Smyth's employment is terminated without notice by PizzaExpress Limited, he is entitled to a payment of 12 months' basic salary in lieu of notice. Chris Heath's employment may be terminated by making a payment in lieu of 12 months' basic salary.

Mrs Fleet is entitled to an ''exit payment'' (the sum of basic salary, Company pension contributions at the then current rate, the bonus payment to which she would have been entitled for the financial year and the cost at the current rate of the provision of life assurance and private medical insurance) if she is (a) summarily terminated or terminated in breach of contract, (b) terminated in accordance with either the notice provision or in accordance with the long-term sickness provision where she gives 30 days' written notice in the former case and 90 days' written notice in the latter requiring ASK to release her, or (c) terminated within three months of a change of control. For each of (a) - (c) above the payment is calculated for the following periods: (a) the difference between the notice given and the contractual notice of 365 days, (b) 334 days in the former case or 305 days in the latter, (c) a period of 365 days from the date of change of control.

8.3 Under his service agreement, Chris Heath will receive an award of Ordinary Shares with a value, on the basis of the Offer Price, equal to £275,000. The shares will be issued, subject to Mr Heath's continued employment, in three equal tranches on the first, second and third anniversaries of the date of Admission. The award will not, however, be subject to any performance conditions. Chris Heath will be liable for all taxes and social security contributions arising in respect of the award and will be required to agree to a lock-up in relation to any Ordinary Shares he holds or may acquire in the future.

8.4 The following Directors have each entered into contractual arrangements with the Company, the terms of which are governed by English law. Details of the arrangements are set out below:

Name	Position	Annual fees/salary (£)	Date of joining the Board	End of term notice period
Chris Heath	Chief Financial Officer and Commercial Director	275,000	5 October 2005	Termination upon 12 months' notice
David Ross	Chairman	100,000	5 October 2005	5 October 2008(1)(2)
Manjit Dale	Non-Executive Director	—	4 October 2005	4 October 2008(1)
Julian Seaward	Non-Executive Director	—	4 October 2005	4 October 2008(1)
Robert 't Hooft	Non-Executive Director	—	4 October 2005	4 October 2008(1)
Zillah Byng-Maddick	Non-Executive Director	40,000	20 October 2005	20 October 2008(1)(3)
Richard Grigson	Senior Non-Executive Director	40,000	5 October 2005	5 October 2008(1)(3)
Karen Jones	Non-Executive Director	40,000	5 October 2005	5 October 2008(1)(3)

Notes:

(1) Subject to re-election.

(2) Mr Ross or the Company may terminate the appointment prior to the end of the term by serving not less than three months' notice on the other.

(3) Mrs Byng-Maddick, Mr Grigson and Ms Jones may resign from their positions prior to the end of the term at any time, but, if they do so, are requested to give one month's written notice to the Company.

8.5 In addition to the arrangements summarised above, Julian Seaward is party to an employment agreement with Gondola, effective 1 June 2004, under which he provides business development services to the Group for a minimum of 10 hours per week at a rate of £10 per hour. In respect of the last full financial year, Mr Seaward is owed remuneration of £5,200. Mr Seaward is a participant in the Partnership Plan. Mr Seaward's employment may be terminated by either party giving one month's notice in writing.

8.6 In connection with their appointment as Directors, David Ross, Zillah Byng-Maddick, Richard Grigson and Karen Jones acquired ordinary shares in Gondola from PandoraExpress LP which, following Admission (and assuming completion of the Reorganisation, pursuant to which the Company will issue and allot two Ordinary Shares to holders of ordinary shares in Gondola for every one ordinary share they currently hold), will represent 795,712, 10,610, 26,524 and 92,834 Ordinary Shares, respectively.

8.7 Manjit Dale, Julian Seaward and Robert 't Hooft have each agreed under the terms of their appointment that, if information regarding a business opportunity that may be of interest to the Group comes to his attention in his capacity as a Director, he will not disclose that information for the purposes of any competing business interest. Furthermore, each of the aforementioned Directors have agreed with the Company that where any such information comes to his attention other than in his capacity as a Director (or where the capacity in which he receives the information is unclear) he will not disclose that information to the Group.

8.8 The members of Senior Management have each entered into service agreements. Helen Burgess, Mark Crawford, Nigel Garfitt and Jackie Freeman have entered into service agreements with PizzaExpress Limited; Adam Kaye and Sam Kaye have entered into service contracts with ASK Central Limited; and Martin Eckersley has entered into a service agreement with ASK Restaurants Limited, the terms of which are governed by English law. Details of the service agreements, including details of the remuneration paid, and any contingent or deferred consideration and benefits in kind granted, during the year ended 26 June 2005, are set out below:

Name	Position	Annual salary (£)	Other remuneration/ benefits (£)[1]	Date of joining the Group	Notice period
Helen Burgess	Group Property Director	£ 90,000	£ 49,663	14 June 2004	6 months
Mark Crawford . . .	Group Supply Chain Director	£ 92,500	£ 17,621	6 December 2004	6 months
Adam Kaye	Executive Director	£120,000[2]	£ 6,000	27 September 1995	6 months
Sam Kaye	Executive Director	£ 90,000[3]	£ 6,000	27 September 1995	6 months
Martin Eckersley	ASK Group Finance Director and Group Company Secretary	£175,000[4]	£107,614	14 July 1997	365 days
Nigel Garfitt	Managing Director, Operations	£150,000	£ 17,261	31 January 2005	6 months
Jackie Freeman . . .	Finance Director	£120,000	£ 65,665	20 January 2003	6 months

Notes:

(1) Includes car allowance, annual bonus in respect of performance in financial year ending 26 June 2005, benefits in kind and employee pension contributions (as applicable).

(2) From 6 May 2004 to 31 December 2004, Adam Kaye's salary was £150,000. From 1 January 2005 to 31 May 2005, Adam Kaye's salary was £130,000.

(3) From 6 May 2004 to 31 December 2004, Sam Kaye's salary was £120,000.

(4) As of 6 May 2004.

9 Details of the Partnership Plan and the New Share Plans

9.1 Introduction

9.1.1 The Group operates the Partnership Plan for eligible staff members. Participants may acquire ordinary shares in the capital of Gondola (''Partner Shares'') under this plan and Gondola provides an interest-bearing loan to the majority of participants for this purpose.

Vesting of shares held under the Partnership Plan commences immediately prior to an exit event, including a sale or flotation, and takes place in three stages. First, immediately prior to the exit event, a market condition is applied to determine the number of Partner Shares participants may retain, the number that are retained subject to further market conditions and the balance which are bought back by Gondola and cancelled or purchased by the Partnership employee benefit trust or PandoraExpress LP.

Following an exchange immediately prior to Admission of Partner Shares for Ordinary Shares as part of the Reorganisation, it is expected that around 500 members of the Group's management team will hold Ordinary Shares pursuant to the operation of the Partnership Plan on Admission.

Subject to the following paragraph, on Admission, the Ordinary Shares that have ceased to be subject to a market condition on Admission will vest in three tranches. The first tranche will vest on Admission, the second tranche will vest six months after Admission, and the third tranche will vest 12 months after Admission. The Ordinary Shares that remain subject to a market condition on Admission will vest on a sliding scale after the market condition has been applied 12 months after Admission. Any of these Ordinary Shares not vesting at this time will be bought back by the Company or purchased by the Partnership employee benefit trust or another third party. On termination of employment after Admission but prior to vesting, a participant's unvested Ordinary Shares will be bought back by the Company and/or the Partnership Plan employee benefit trust or other third party for an amount equal to the consideration paid by the participant plus, in certain cases, a modest notional growth of 5 per cent. per annum, and then cancelled.

All of the Ordinary Shares held by Harvey Smyth, Julian Seaward, Adam Kaye and Sam Kaye under the Partnership Plan will vest immediately on Admission.

The Global Offer will trigger an exit event under the Partnership Plan and PandoraExpress LP will purchase 1,661,344 forfeited Partner Shares and will pay £218,107 in cash to participants.

9.1.2 The New Share Plans were adopted by the Company on 20 October 2005. In addition the Company has approved the establishment of the Gondola Holdings Employee Benefit Trust (the ''Trust''). Details of the principal terms of the New Share Plans and the Trust are described below.

9.1.3 The remuneration committee of the Board (the ''Committee'') believes that the New Share Plans provide a considerable but appropriate degree of flexibility in how share-based incentives can be operated at the Company.

The Committee will, however, consider the interests of shareholders when deciding on how the New Share Plans will be operated and will ensure that no individual is granted excessive levels of awards under the New Share Plans.

In addition, the New Share Plans will reflect best practice in that awards over new issue shares will contain the normal dilution limits which, in essence, state that in any 10 year period the Company may not issue more than 10 per cent. of its issued ordinary share capital under the New Share Plans, with no more than 5 per cent. issuable under the New Share Plans which are not operated on an all-employee basis.

Furthermore, under the Gondola Holdings Performance Share Plan 2005 and the Gondola Holdings Executive Share Option Plan 2005 (described below), awards will also be structured to reflect market practice in that all awards granted to Executive Directors will be subject to performance conditions that will include a sliding scale of targets with graduated vesting which measure performance over a single three-year period. These awards will vest in full only on the delivery of outstanding levels of performance.

9.2 The Gondola Holdings Performance Share Plan 2005 (the ''PSP'')

Operation

The Committee will supervise the operation of the PSP.

Eligibility

Any employee (including an executive director) of the Group will be eligible to participate in the PSP at the discretion of the Committee unless he is within six months of his anticipated date of retirement (unless this restriction would be unlawful).

Grant of awards

The Committee may grant an award to an eligible employee over Ordinary Shares[1].

The Committee may grant an award as either an award of:

(a) *Performance Shares* — the vesting of which will be subject to the continued employment of the participant within the Company's group and the satisfaction of performance conditions; or

(b) *Matching Shares* — these will be linked to the employee either (i) investing a cash amount worth up to 50 per cent. (or such lower amount determined by the Committee) of his annual pre-tax salary in Ordinary Shares; or (ii) committing Ordinary Shares to the PSP which are already held by him (or over which a deferred share award has been granted to him under the Gondola Holdings Deferred Share Bonus Plan 2005), such Ordinary Shares having a combined aggregate market value of up to 50 per cent. (or such lower amount determined by the Committee) of his annual pre-tax salary (in either case such Ordinary Shares being known as ''Deposited Shares''). An award over Matching Shares will vest subject to the participant remaining in the employment of the Company's group, the satisfaction of performance conditions and the participant's retention of Deposited Shares.

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(1) For the purposes of paragraphs 9.2 to 9.8 of this Part X, the definition of ''Ordinary Shares'' covers Ordinary Shares issued in the future which may be the source of shares for the New Share Plans.

Where an employee commits an existing holding of Ordinary Shares to the PSP, the market value of those Ordinary Shares will be taken to be an amount equal to the average of the closing middle-market quotations of an Ordinary Share on the London Stock Exchange for the three dealing days immediately preceding the date of an invitation to participate in the PSP or such other date determined by the Committee, provided that such date does not fall before the twentieth dealing day before the date of grant of an award.

Awards may be granted within six weeks following the Company's announcement of its results for any period. Awards may also be granted within six weeks of the Company's adoption of the PSP or when there are exceptional circumstances which the Committee considers justify the granting of awards.

Awards may be in the form of a conditional award, a nil (or nominal) cost option or as forfeitable shares. No payment will be required for the grant of an award.

The Committee may decide to grant cash-based awards of an equivalent value to share-based awards or to satisfy share-based awards in cash (either in whole or part).

Individual limits

The maximum value or number of Ordinary Shares over which awards may be granted under the PSP is as follows:

(a) *Performance Shares* — The aggregate market value of Ordinary Shares over which awards of Performance Shares may be granted to an eligible employee in any financial year will not exceed 150 per cent. of his annual base salary. However, to facilitate the recruitment or retention of a particular eligible employee and where the Committee determines that exceptional circumstances exist, the aggregate market value of Ordinary Shares over which awards of Performance Shares may be granted to that person in any financial year may not exceed 200 per cent. of his annual base salary.

(b) *Matching Shares* — The number of Matching Shares awarded will depend upon the number of Deposited Shares committed by an employee to the PSP. For this purpose, the number of Deposited Shares will be regarded as the number of Ordinary Shares an eligible employee could have acquired with an amount equal to the market value of the Deposited Shares but grossed up for income tax and National Insurance. The Committee will decide on the ratio of Matching Shares to deemed Deposited Shares over which an award will be granted, subject to a maximum match of two times the number of deemed Deposited Shares.

An individual may not receive both awards over Performance Shares and options under the Gondola Holdings Executive Share Option Plan 2005 in any financial year that have a combined "expected value" in excess of 150 per cent. of annual salary (where PSP awards are deemed to have an expected value equal to the face value of the underlying Ordinary Shares and options granted under the Executive Option Plan are deemed to have an expected value equal to 50 per cent. of the value of the underlying Ordinary Shares). In exceptional circumstances, such as recruitment or retention, the combined expected value may not exceed 200 per cent. of annual salary.

Vesting of awards

Awards will normally vest following the third anniversary of grant once the Committee has determined the extent to which the applicable performance conditions have been satisfied and provided the participant remains an employee or director in the Company's group. In addition, in the case of an award of Matching Shares, the award will only vest to the extent that the Deposited Shares are retained by the participant until the vesting date. If a participant withdraws any Deposited Shares, or where Deposited Shares include Ordinary Shares over which a deferred share award has been granted under the Gondola Holdings Deferred Share Bonus Plan 2005 and that deferred share award has lapsed before the vesting date, the award of Matching Shares will lapse pro rata to the number of Deposited Shares effectively withdrawn or lapsed.

Leaving employment

As a general rule, an award will lapse upon a participant ceasing to be an employee or director of the Company's group. However, if a participant leaves employment or ceases to be a director because of

his death, disability, retirement, his employing company or the business for which he works being sold out of the Company's group or in other circumstances at the discretion of the Committee, then his award will normally continue to the time when vesting would occur if he had remained an employee or director. The extent to which an award will vest in these situations will depend upon the extent to which the performance conditions have been satisfied over the full three-year performance period. The award will then be pro rated to reflect the period of time between its grant and the time of leaving, although the Committee can decide not to pro rate an award if it regards it as inappropriate to do so in the particular circumstances.

The Committee may decide instead that an award will vest when the participant ceases to hold employment or be a director within the Company's group rather than on the normal vesting date as described above. In these circumstances, an award will vest to the extent that performance conditions have, in the opinion of the Committee, been satisfied up to the date of leaving. The award will then be pro rated to reflect the reduced period of time between the grant of the award and the time of leaving. The Committee can decide not to pro rate the award if it decides it would be inappropriate to do so in the particular circumstances.

Corporate events

In the event of a takeover, scheme of arrangement or winding up of the Company (not being an internal corporate reorganisation), all awards will vest early to the extent that the performance conditions have, in the opinion of the Committee, been satisfied at that time. The awards will then be pro rated to reflect the reduced period of time between the grant of the awards and the time of vesting, although the Committee can decide not to pro rate awards if it regards it as inappropriate to do so in the particular circumstances.

In the event of an internal corporate reorganisation, awards will be replaced by equivalent new awards over shares in a new holding company unless the Committee decides that awards should vest on the basis which would apply in the case of a takeover.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the market price of Ordinary Shares to a material extent, then the Committee may determine that awards will vest to the extent that the performance conditions have, in the opinion of the Committee, been satisfied at that time. The awards will then be pro rated to reflect the reduced period of time between the time of grant of the awards and the time of vesting, although the Committee can decide not to pro rate awards if it regards it as inappropriate to do so in the particular circumstances.

Performance conditions

All awards granted to Executive Directors will be subject to performance conditions set by the Committee before grant. The performance conditions applying to the Executive Directors will be fully disclosed in the Company's Annual Report of Accounts.

These performance conditions will be structured to include a sliding scale of targets with graduated vesting, with full vesting requiring the delivery of outstanding levels of performance.

The performance period for awards will be a single fixed three-year period starting at the beginning of the financial year in which the award is granted or later. Awards will lapse at the end of the applicable performance period to the extent that the performance conditions have not been satisfied. The performance conditions may not be retested.

The Committee may vary the performance conditions applying to existing awards to take account of events that the Committee considers to be exceptional, provided the Committee considers the varied condition is fair and reasonable and not materially less challenging than the original condition would have been but for the event in question.

Participants' rights

Conditional awards and options will not confer any shareholder rights until the awards have vested and the participants have received their Ordinary Shares. Holders of awards of forfeitable Ordinary Shares will have shareholder rights from grant except that they will be required to waive their right to receive dividends.

The Committee may decide that participants will receive a payment (in cash and/or Ordinary Shares) on or shortly following the vesting of their awards of an amount equivalent to the dividend entitlements that would have accrued on the vested Ordinary Shares between the time when the awards were granted and the time when they vest.

Variation of capital

In the event of any variation in the Company's share capital (including a rights issue) or in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of the Ordinary Shares, the Committee may make such adjustment as it considers appropriate to the number of Ordinary Shares subject to an award and/or to the exercise price payable (if any).

9.3 The Gondola Holdings Executive Share Option Plan 2005 (the "Executive Option Plan")

General

The Executive Option Plan comprises two parts. One part is intended to be approved by HM Revenue & Customs ("HMRC") so that options ("Approved Options") granted under it may qualify for beneficial tax treatment in the UK. The other part will not be approved by HMRC and the options granted under it will be unapproved options ("Unapproved Options"). The two parts are identical in all material respects except where indicated in this summary.

Operation

The Committee will supervise the operation of the Executive Option Plan.

Eligibility

Any employee (including an executive director) of the Group will be eligible to participate in the Executive Option Plan at the discretion of the Committee unless he is within six months of his anticipated date of retirement (unless this restriction would be unlawful).

Grant of options

Options to acquire Ordinary Shares may be granted within six weeks following the announcement by the Company of its results for any period. Options may also be granted within six weeks of the Company's adoption of the Executive Option Plan or at any other time if the Committee considers that there are exceptional circumstances which justify the granting of options.

No payment will be required for the grant of an option.

Individual limits

An individual may not receive options in any financial year over Ordinary Shares having a market value in excess of 200 per cent. of his annual base salary.

An individual may not receive both options under the Executive Option Plan and awards of Performance Shares under the PSP in any financial year over Ordinary Shares having a combined "expected value" in excess of 150 per cent. of annual salary except in exceptional circumstances, such as recruitment or retention, in which case the combined expected value may not exceed 200 per cent. of annual salary. For an explanation of "expected value", see the description of "Individual limits" for the PSP.

The aggregate market value of Ordinary Shares subject to Approved Options will not exceed £30,000 (or such other limit as may from time to time apply under the relevant legislation) per employee, such amount being determined by reference to the market value of Ordinary Shares made subject to such options at the date of their grant.

Exercise price

The price per Ordinary Share payable upon exercise of an option will not be less than:

(a) the middle market price of an Ordinary Share on the London Stock Exchange on the dealing day immediately before the date of grant; and

(b) the nominal value of an Ordinary Share, if the option relates to new issue Shares.

Exercise of options

Options will not normally become capable of exercise until three years after the date of grant once the Committee has decided the extent to which the applicable performance conditions have been satisfied and provided the participant remains employed within the Company's group. Options will lapse immediately before the tenth anniversary of the date of grant or after such shorter period as determined by the Committee at the time of grant.

Ordinary Shares will be allotted or transferred to participants within 30 days of exercise.

Unapproved options may be satisfied by the payment of a cash amount or delivery of Ordinary Shares equal to the gain which would be made on exercise of the option.

Leaving employment

As a general rule, an option will lapse upon a participant ceasing to hold employment or be a director within the Company's group. However, if a participant ceases to be an employee or director of the Company's group by reason of his death, disability, retirement, his employing company or the business for which he works being sold out of the Company's group or in other circumstances at the discretion of the Committee, then his option will normally become exercisable on the date that it would have become exercisable had he remained an employee or director of the Company's group. The extent to which an option will become exercisable in these situations will depend upon the extent to which the performance conditions have, in the opinion of the Committee, been satisfied over the full three-year performance period.

The Committee can decide that an option will become exercisable when the participant ceases to hold employment or be a director within the Company's group rather than on the normal exercise date as described above. In these circumstances, an option will vest to the extent that the performance conditions have, in the opinion of the Committee, been satisfied up to the date of leaving.

Corporate events

In the event of a takeover, scheme of arrangement or winding up of the Company (not being an internal corporate reorganisation), all options will become exercisable early to the extent that the performance conditions have, in the opinion of the Committee, been satisfied at that time.

In the event of an internal corporate reorganisation, options will be replaced by equivalent new options over shares in a new holding company unless the Committee decides that options should become exercisable on the basis which would apply in the case of a takeover as described above.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the market price of Ordinary Shares to a material extent, then the Committee may determine that options will become exercisable to the extent that the performance conditions have, in the opinion of the Committee, been satisfied at that time.

Performance conditions

All options granted to Executive Directors will be subject to performance conditions set by the Committee before grant. The performance conditions applying to Executive Directors will be fully disclosed in the Company's Annual Report and Accounts.

These performance conditions will be structured to include sliding scale targets with graduated vesting, with full vesting requiring the delivery of outstanding levels of performance.

The performance period for options will be a single fixed three-year period starting at the beginning of the financial year in which the award is granted or later. Options will lapse at the end of the applicable performance period to the extent that the performance conditions have not been satisfied. The performance conditions may not be retested.

The Committee may vary the performance conditions applying to existing options to take account of events that the Committee considers to be exceptional, provided that, in the reasonable opinion of the Committee, the varied conditions are at least as challenging as the original condition would have been but for the event in question.

Participants' rights

Options will not confer any shareholder rights until they are exercised and the participants have received their Ordinary Shares.

Variation of capital

In the event of any variation in the Company's share capital (including a rights issue), the Committee may make such adjustments as it considers appropriate to the number of Ordinary Shares under option and the price payable on the exercise of an option. Unapproved options may also be adjusted in the event of a demerger, special dividend or other similar event which affects the market price of Ordinary Shares to a material extent.

9.4 The Gondola Holdings Deferred Share Bonus Plan 2005 (the "Deferred Bonus Plan")

Operation

The Committee will supervise the operation of the Deferred Bonus Plan.

Eligibility

Any employee (including an executive director) of the Group will be eligible to participate in the Plan at the discretion of the Committee unless he is within six months of his anticipated date of retirement (unless this restriction would be unlawful).

Grant of awards

All or part of an employee's gross annual bonus may be compulsorily deferred in the form of a "Deferred Share Award" under the Deferred Bonus Plan (see below). At the invitation of the Committee, an employee may also voluntarily elect for all of his potential bonus that has not been compulsorily deferred to be deferred in this manner.

A Deferred Share Award will be granted in connection with a participant's annual bonus over such number of Ordinary Shares as have a market value equal to the gross bonus deferred under the Deferred Share Plan.

The Committee may grant a Deferred Share Award as a conditional award, a nil (or nominal) cost option or as forfeitable shares.

No payment will be required for the grant of a Deferred Share Award.

Vesting of awards

Deferred Share Awards will normally vest on the third anniversary of grant provided the participant is still an employee or director within the Company's group.

Leaving employment

As a general rule, a Deferred Share Award will lapse upon a participant ceasing to be an employee or director within the Company's group. However, if a participant ceases to be such an employee or director by reason of his death, disability, retirement, his employing company or the business for which he works being sold or transferred out of the Company's group, or for any other reason at the discretion of the Committee, then his Deferred Share Award will vest on the date of his leaving.

Corporate events

In the event of a takeover, scheme of arrangement or winding up of the Company (not being an internal corporate reorganisation), Deferred Share Awards will vest early in full.

In the event of an internal corporate reorganisation, Deferred Share Awards will be replaced by equivalent new awards over shares in a new holding company unless the Committee decides that the Deferred Share Awards should vest.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the market price of Ordinary Shares to a material extent, then the Committee may determine that Deferred Share Awards will vest in full on the date of that event.

Performance conditions

Deferred Share Awards will not be made subject to any performance conditions because the Deferred Share Awards are based on a performance-related bonus.

Participants' rights

Awards will not confer any shareholder rights until the Deferred Share Awards have vested and the participants have received their Ordinary Shares. Holders of awards of forfeitable shares will have shareholder rights from grant except that they will be required to waive their right to receive dividends.

The Committee may decide that participants will receive a payment (in cash and/or Ordinary Shares) on or shortly following the vesting of their Deferred Share Awards of an amount equivalent to the dividend entitlements that would have accrued on the vested Ordinary Shares between the time when the Deferred Share Awards were granted and the time when they vest.

Variation of capital

In the event of any variation in the Company's share capital (including a rights issue) or in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of the Ordinary Shares, the Committee may make such adjustment as it considers appropriate to the number of Ordinary Shares subject to a Deferred Share Award and/or to the exercise price payable (if any).

9.5 The Gondola Holdings Sharesave Plan 2005 (the "Sharesave Plan")

Operation

The Company intends to obtain HMRC approval of the Sharesave Plan. The operation of the Sharesave Plan will be supervised by the Board.

Eligibility

Employees and full-time directors of the Company and any participating subsidiary who are resident and ordinarily resident in the UK for tax purposes will be eligible to participate. The Board may require employees to have completed a qualifying period of employment of up to five years before the grant of options. The Board may allow other employees to participate.

Grant of options

Options will be granted within 30 days (or 42 days if applications for options are scaled back) of the first day by reference to which the exercise price is set (see below).

Options may only be granted to employees who enter into HMRC-approved savings contracts under which monthly savings are normally made over a period of three or five years. The number of Ordinary Shares over which an option is granted will be such that the total amount payable on its exercise will correspond to the proceeds on maturity of the related savings contract.

Individual limit

Monthly savings by an employee under all savings contracts linked to options granted under any sharesave scheme may not exceed the statutory maximum (currently £250). The Board can set a lower limit in relation to any particular grant.

Exercise price

The price per Ordinary Share payable upon the exercise of options will not be less than the higher of:

(a) 80 per cent. of the middle-market quotation of an Ordinary Share on the London Stock Exchange on the day preceding the date on which invitations are sent (or the average of the middle-market quotations of a Share over the immediately preceding five dealing days) or on a different date specified in the invitation; and

(b) the nominal value of an Ordinary Share if the option relates to new issue Ordinary Shares.

The day by reference to which the exercise price is determined will fall within the period of six weeks following HMRC approval of the Sharesave Plan, within the six weeks following the announcement by the Company of its results for any period or at any other time if the Board considers that there are exceptional circumstances which justify the grant of options.

Exercise of options

Options will normally be exercisable for six months from the third, fifth or seventh anniversary of the commencement of the related savings contracts. Earlier exercise is permitted, however, in the following circumstances:

(a) following cessation of employment or being a director in the Company's group by reason of death, injury, disability, redundancy, retirement on reaching a specified age (or any other age at which the employee is bound to retire under his terms of employment) or the business or company that the participant works for ceasing to be part of the Company's group;

(b) when an employee reaches a specified retirement age;

(c) where employment or directorship in the Company's group ceases more than three years from grant (for any reason other than dismissal for misconduct); and

(d) in the event of a takeover, amalgamation, reconstruction or voluntary winding up of the Company except in the case of an internal corporate reorganisation where the Board may decide to exchange existing options for equivalent new options over shares in a new holding company.

Except where stated above, options will lapse on cessation of employment or directorship in the Company's group.

Ordinary Shares will be allotted or transferred to participants within 30 days of exercise.

Variation of capital

In the event of any variation of the Company's share capital (including a rights issue), the Board may make such adjustments as it considers appropriate to the number of Ordinary Shares under option and the price payable on the exercise of option.

9.6 The Gondola Holdings Share Incentive Plan (the "SIP")

Operation

The Company intends to obtain HMRC approval of the SIP and the associated trust deed (the "SIP Trust"). The operation of the SIP will be supervised by the Board.

Awards and individual limits

The SIP consists of three elements:

(a) "Free Shares" which are free Ordinary Shares which may be allocated to an employee by the Company.

The market value of Free Shares allocated to any employee in any tax year may not exceed £3,000 or such other limit as may be permitted by the relevant legislation. Free Shares may be allocated to employees equally, on the basis of salary, length of service or hours worked, or on the basis of performance, as permitted by legislation.

(b) "Partnership Shares" which are Ordinary Shares an employee may purchase out of his pre-tax earnings.

The market value of Partnership Shares which an employee can agree to purchase in any tax year may not exceed £1,500 (or 10 per cent. of the employee's salary, if lower), or such other limit as may be permitted by the relevant legislation. Salary deductions may be accumulated over a period of up to 12 months and then used to buy Ordinary Shares at the lower of the market value of the Ordinary Shares at the start and end of the accumulation period.

(c) "Matching Shares" which may be allocated to an employee who purchases Partnership Shares.

Matching Shares are Free Shares. The Company may allocate Matching Shares to an employee who purchases Partnership Shares up to a maximum of two Matching Shares for every one Partnership Share purchased (or such other maximum ratio as may be permitted by the relevant legislation). The same Matching Share ratio will apply to all employees who purchase Partnership Shares under the SIP on the same occasion.

Eligibility

Employees of the Company and any participating subsidiary who are UK resident taxpayers are eligible to participate in the SIP. The Board may allow other employees to participate. The Board may require employees to have completed a qualifying period of employment of up to 18 months in order to be eligible to participate. All eligible employees must be invited to participate.

Retention of shares

The trustee of the SIP Trust will award Free Shares and Matching Shares to employees and hold those Shares on behalf of the participants. The trustee will acquire Partnership Shares on behalf of participants and hold those Ordinary Shares on behalf of the participants. Free Shares and Matching Shares must usually be retained by the trustee of the SIP Trust for a period of between three and five years after award. Employees can withdraw Partnership Shares from the SIP Trust at any time.

The Board may decide that awards of Free Shares and/or Matching Shares will be forfeited if participants cease to be employed by a member of the Company's group within three years from the grant of those awards unless they leave by reason of death, injury, disability, redundancy, retirement on or after reaching a specified age, or the business or company for which they work ceases to be part of the Company's group.

If a participant ceases to be employed by the Company's group then he will be required to withdraw all the Ordinary Shares under his SIP awards from the SIP Trust unless those Ordinary Shares are forfeited.

Corporate events

In the event of a corporate reorganisation, any Ordinary Shares held by participants may be replaced by equivalent shares in a new holding company. In the event of a general offer being made to shareholders, participants will be able to direct the trustee of the SIP Trust how to act in relation to their Ordinary Shares.

Dividends on Shares held by the trustee of the SIP Trust

Any dividends paid on Ordinary Shares held by the trustee of the SIP Trust on behalf of participants may be either used to acquire additional Ordinary Shares for employees (up to £1,500 worth of shares per tax year) or distributed to participants.

Rights attaching to Ordinary Shares

An employee will be treated as the beneficial owner of Ordinary Shares held on his behalf by the trustee of the SIP Trust.

Variation of share capital

In the event of a rights issue or capitalisation, participants will be able to direct the trustees of the SIP Trust how to act on their behalf.

9.7 Features common to the New Share Plans

Grant

No option or award may be granted under the New Share Plans more than 10 years after Admission.

Overall New Share Plans limits

The New Share Plans may operate over new issue Ordinary Shares, treasury shares or Ordinary Shares purchased in the market.

In any 10 year period the Company may not issue (or have the possibility to issue) more than 10 per cent. of the issued ordinary share capital of the Company under the New Share Plans and any other employee share plan adopted by the Company.

In any 10 year period, the Company may not issue (or have the possibility to issue) more than 5 per cent. of the issued ordinary share capital of the Company under the Gondola Holdings Performance Share Plan 2005, the Gondola Holdings Executive Share Option Plan 2005, the Gondola Holdings Deferred Share Bonus Plan 2005 or any other discretionary share scheme adopted by the Company.

Shares in treasury will count as new issue Ordinary Shares for the purposes of this limit unless institutional investor bodies decide that they need not count.

Ordinary Shares issued under awards or options granted before Admission on the London Stock Exchange will not count towards the limits.

Rights attaching to, and benefits over, Shares

Any Ordinary Shares allotted when an award or option vests or is exercised under any of the New Share Plans will rank equally with Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Options and awards are not transferable, except on death. Options and awards are not pensionable.

Alterations to the New Share Plans

The Committee or Board (as appropriate) may, at any time, amend the provisions of the New Share Plans in any respect, provided that the prior approval of shareholders in general meeting is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Ordinary Shares or the transfer of Ordinary Shares held in treasury, the basis for determining a participant's entitlement to, and the terms of, the Ordinary Shares or cash to be acquired and the adjustment of awards or options.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the New Share Plans, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Group. Prior shareholder approval will also not be required for any amendment to performance conditions applying to any option or award.

Overseas New Share Plans

The Committee or the Board (as appropriate) may at any time without further shareholder approval establish further share plans corresponding to any of the New Share Plans for overseas territories, any such plans to be similar to the corresponding New Share Plan, but modified to take account of local tax, exchange control or securities laws, provided that any Shares made available under such further plans are treated as counting against the limits on individual and overall participation in the relevant New Share Plan.

9.8 The Gondola Holdings Employee Benefit Trust (the "Trust")

The Company has approved the establishment of the Trust which will be a discretionary employee benefit trust. It is intended that the Trust will be used in conjunction with the New Share Plans and, in particular, the Gondola Holdings Performance Share Plan 2005 and the Gondola Holdings Deferred Share Bonus Plan 2005. The trustee of the Trust will have power to subscribe for Ordinary Shares or acquire Ordinary Shares in the market or from treasury but will not be permitted to hold more than 5 per cent. of the Company's issued share capital (excluding any Ordinary Shares it holds as nominee) at any one time without the prior approval of the shareholders of the Company.

The beneficiaries of the Trust will be the employees and former employees of the Group, any holding company of the Company or any subsidiaries of that holding company, and certain classes of their dependants.

The trustee of the Trust will have wide powers of investment and be permitted to borrow moneys. However, it is intended that, in practice, the Trust will be funded by loans or gifts from members of

the Group and will only invest in Ordinary Shares for use with the Company's employee share plans or otherwise for allocation to beneficiaries.

The trustee of the Trust will be independent of the Company. It is intended that the initial trustee of the Trust will be based offshore. The Company will have the power to appoint new or additional trustees and remove any trustee. A professional trustee may charge fees in the normal course of business for acting as a trustee of the Trust.

10 Principal subsidiaries and associated undertakings

The following table shows the principal subsidiaries of the Company (assuming completion of the Reorganisation) effective as from Admission, being those that the Company considers are likely to have a significant effect on the assessment of the Company's assets and liabilities, financial position or profits or losses. Such subsidiary undertakings will, on completion of the Reorganisation, be 100 per cent. owned, directly or indirectly, by the Company.

Company name	Issued share capital	Principal activity	Registered office	Country of Incorporation
Gondola Group Limited	25,623,499 ordinary shares of £0.0005 each	Holding company	20 High Street, St Albans, Hertfordshire AL3 4EL	England and Wales
Gondola Finance Limited	50,000 ordinary shares of £1 each	Holding company	20 High Street, St Albans, Hertfordshire AL3 4EL	England and Wales
Riposte Limited	100 ordinary shares of £1 each	Holding company	20 High Street, St Albans, Hertfordshire AL3 4EL	England and Wales
ASK Central Limited . . .	101,265,600 ordinary shares of £0.05 each	Holding company	20 High Street St Albans, Hertfordshire AL3 4EL	England and Wales
PizzaExpress Limited . . .	71,788,348 ordinary shares of £0.10 each	Holding company	1 Union Business Park Florence Way Uxbridge Middlesex UB8 2LS	England and Wales
ASK Restaurants Limited	13,059,056 ordinary shares of £0.25 each	Restaurant outlets	20 High Street St Albans, Hertfordshire AL3 4EL	England and Wales

11 Pensions

11.1 PizzaExpress

PizzaExpress Limited allows employees who earn £38,000 per annum or more to participate in a defined contribution group personal pension ("GPP"), operated by Scottish Widows. The GPP contains other employees, who joined before the introduction of this earnings threshold. PizzaExpress contributes an amount equal to 3.5 per cent. of each participating employee's salary to the GPP, as long as the employee contributes 2 per cent. Employees who are ineligible to join the GPP are entitled to join a stakeholder pension plan operated by Scottish Widows, to which PizzaExpress does not contribute.

PizzaExpress also provides death-in-service cover for employees of three times their annual salary. This is insured.

11.2 ASK Restaurants Limited

ASK Restaurants Limited allows employees to participate in a defined contribution group personal retirement plan (the "GPRP"), operated by J Rothschild Assurance plc. Employee's sacrifice 3 per cent. of their basic salary and ASK will match this figure. Contributions are therefore made by the Company to the GPRP at 6.19 per cent. of the employee's adjusted salary. Employees who are ineligible to join the GPRP are entitled to join a stakeholder pension plan operated by Friends Provident, to which ASK does not contribute.

ASK Restaurants Limited also provides death-in-service cover for certain senior employees of three times their annual salary. This is insured.

11.3 Executive arrangements

In relation to ASK Restaurants Limited, three executive directors have an arrangement under which ASK Restaurants Limited contributes 20 per cent. of their salary to a defined contribution personal pension arrangement of their choice.

12 Principal investments

Further details of the Company and Group's main investments in other undertakings over the past three financial years and during the current financial year are described in more detail in paragraph 19 below.

13 Premises

No property in the Group accounts for 10 per cent. or more of the Group's annual turnover. Details of the Company's registered office and principal place of business are as follows:

Address	Description	Tenure	Expiry of term	Current rent per annum	Lessee
1 Union Business Park Florence Way Uxbridge UB8 2LS	Leasehold	15 years	7 February 2016	£621,295 p.a.	PizzaExpress Limited
20 High Street St Albans Hertfordshire AL3 4EL	Leasehold	25 years	24 December 2024	Rent for the whole building is £120,000 p.a. This includes a Zizzi restaurant and office space above the restaurant. The majority of the rent is charged to the restaurant.	ASK Restaurants Limited

14 UK taxation

14.1 General

The statements below are based on current UK tax law and what is understood to be the current published practice of HMRC, both of which are subject to change, perhaps with retrospective effect. They are intended as a general guide only, for holders of Ordinary Shares who are resident or ordinarily resident in the UK for UK tax purposes (except in so far as express reference is made to the treatment of non-UK residents), who hold their Ordinary Shares as investments and not as trading stock and who are the beneficial owners of those Ordinary Shares. This summary does not purport to be a complete analysis or listing of all potential tax consequences of holding Ordinary Shares.

The statements are not applicable to all categories of holders of Ordinary Shares, and in particular are not addressed to (i) holders who do not hold their Ordinary Shares as capital assets, (ii) special classes of holders such as (but not limited to) dealers in securities, broker-dealers, insurance companies and investment companies, (iii) holders who hold Ordinary Shares as part of hedging or conversion transactions, (iv) investors who have (or are deemed to have) acquired their shares by virtue of an office or employment and (v) holders who hold Ordinary Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or, in the case of a corporate holder, through a permanent establishment or otherwise).

Prospective investors in Ordinary Shares who are in any doubt about their tax position, or who are resident, or otherwise subject to taxation, in a jurisdiction outside the UK, should consult their own professional advisers.

14.2 Taxation of Dividends

Under current UK tax legislation, the Company will not be required to withhold tax at source from dividend payments it makes.

An individual holder of Ordinary Shares who is resident in the UK (for tax purposes) and who receives a dividend from the Company will generally be entitled to a tax credit. The dividend will be taxed upon the aggregate of the net dividend and the tax credit (the "Gross Dividend"). The value of the tax credit is currently equal to one-ninth of the amount of the net dividend (or 10 per cent. of the Gross Dividend). The Gross Dividend, together with certain other investment income, will be regarded as the top slice of the holder's income, and will be subject to UK income tax at special rates, further

details of which are set out below. The tax credit will be available to set against such holder's liability (if any) to income tax on the Gross Dividend.

UK resident individual holders of Ordinary Shares who are not higher rate taxpayers will be liable to tax on a dividend received at the rate of 10 per cent. of the Gross Dividend. This means that the tax credit will satisfy in full the income tax liability of a UK resident individual holder of Ordinary Shares who is not liable to pay income tax at the higher rate.

In the case of a UK resident individual holder of Ordinary Shares who is liable to income tax at the higher rate on dividends (currently 32.5 per cent.), the tax credit will be set against, but will not fully match, their tax liability in respect of the Gross Dividend and, accordingly, they will be liable to an additional tax of 22.5 per cent. of the Gross Dividend (equal to 25 per cent. of the net dividend) to the extent that the Gross Dividend falls above the threshold for higher rate income tax.

UK resident taxpayers who are not liable to United Kingdom tax on dividends, including pension funds, charities and individuals holding shares through an individual savings account, will not be entitled to claim repayment of the tax credit attaching to dividends paid by the Company.

A UK resident corporate holder of Ordinary Shares will not normally be liable to corporation tax in respect of any dividend received from the Company. Such corporate holders of Ordinary Shares will not be able to claim repayment of tax credits attaching to such dividend.

Subject to the provisions of any double tax agreement between the UK and his/her country of residence, a holder of Ordinary Shares who is not resident in the UK for UK tax purposes will not generally be entitled to claim repayment of the tax credit attaching to any dividend paid by the Company. Persons who are not resident in the UK should consult their own professional advisers as to whether they are entitled to claim any part of the tax credit, the procedure for doing so and what relief for credit may be claimed in the jurisdiction in which they are resident for tax purposes in respect of such tax credit. A holder of Ordinary Shares resident (or otherwise subject to tax) outside the UK may also be subject to foreign taxation on dividend income under local law.

14.3 Taxation of capital gains

For the purpose of UK tax on chargeable gains, the issue or transfer of any Ordinary Shares will be regarded as an acquisition of a new holding in the share capital of the Company.

A disposal of Ordinary Shares by a holder who is resident or ordinarily resident in the UK for tax purposes or by an individual holder who ceases to be resident or ordinarily resident in the UK for a period of less than five years of assessment, or a holder who is neither resident nor ordinarily resident in the UK for tax purposes, but who carries on a trade, profession or vocation in the UK through a permanent establishment (where the holder is a company) or through a branch or agency (where the holder is not a company) and has used, held or acquired the Ordinary Shares for the purposes of such trade, profession or vocation or such permanent establishment, branch or agency (as appropriate), may depending on the holder's individual circumstances (including the availability of exemptions, reliefs or allowable losses) give rise to a chargeable gain or an allowable loss for the purposes of UK taxation on chargeable gains.

14.4 Stamp duty/stamp duty reserve tax ("SDRT")

Stamp duty and SDRT treatment will be as follows:

(a) subject to (e) below, no stamp duty or SDRT will be payable on the issue of, or on the issue of definitive share certificates in respect of, Ordinary Shares pursuant to the Global Offer;

(b) the transfer on sale of Ordinary Shares outside the CREST system will generally be liable to *ad valorem* stamp duty on the instrument of transfer at the rate of 0.5 per cent. of the amount or value of the consideration given (rounded up to the nearest multiple of £5). An agreement to transfer Ordinary Shares will generally be subject to SDRT at 0.5 per cent. of the agreed consideration. If, however, within the period of six years of the date of the agreement or, in the case of a conditional agreement, the date on which it becomes unconditional, an instrument of transfer is executed pursuant to the agreement which transfers the shares to the purchaser under the agreement and stamp duty is paid on that instrument, any liability to SDRT will be repaid, generally with interest, or cancelled. Higher rates may apply in certain circumstances. Stamp duty and SDRT are normally the liability of the purchaser or transferee;

(c) no stamp duty or SDRT will arise on a transfer of Ordinary Shares into CREST for conversion into uncertificated form, unless such transfer is made for a consideration in money or money's worth, in which case a liability to stamp duty or SDRT will arise, usually at the rate referred to in (b) above;

(d) a transfer of Ordinary Shares effected on a paperless basis within CREST will generally be subject to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration. CREST is obliged to collect SDRT on relevant transactions settled within the system; and

(e) where Ordinary Shares are issued or transferred: (i) to, or to a nominee or agent for, a person whose business is or includes the provision of clearance services; or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT may be payable at a rate of 1.5 per cent. (rounded up, if necessary, in the case of stamp duty, to the nearest £5) of the amount or value of the consideration payable or, in certain circumstances, the value of the Ordinary Shares or, in the case of an issue to such persons, the issue price of the Ordinary Shares. This liability for stamp duty or SDRT will strictly be accountable by the depositary or clearance service operator or their nominee or agent, as the case may be, but will, in practice, generally be reimbursed by participants in the clearance service or depositary receipt scheme. Clearance services may opt, provided certain conditions are satisfied, for the normal rate of stamp duty or SDRT (0.5 per cent. of the consideration paid, rounded up in the case of stamp duty to the nearest £5) to apply to issues or transfers of Ordinary Shares into, and to transactions within, such services instead of the higher rate of 1.5 per cent. generally applying to an issue or transfer of Ordinary Shares into the clearance service and the exemption from stamp duty and SDRT on the transfer of Ordinary Shares whilst in the service.

The above statements in this paragraph 14.4 are intended as a general guide to the current stamp duty and SDRT position. Special rules apply to agreements made by, amongst others, intermediaries. Certain categories of person may be liable to stamp duty or SDRT at higher rates.

Any person who is in doubt as to his or her taxation position or who is liable to taxation in any jurisdiction other than the UK should consult his or her professional adviser.

15 US Tax

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS DOCUMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE COMPANY OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

15.1 General

The following is a summary of certain material US federal income tax consequences of the acquisition, ownership and disposition of Ordinary Shares by a US Holder (as defined below). This summary deals only with initial purchasers of Ordinary Shares that are US Holders and that will hold the Ordinary Shares as capital assets. The discussion does not cover all aspects of US federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Ordinary Shares by particular investors, and does not address state, local, foreign or other tax laws. In particular, this summary does not address tax considerations applicable to investors that own (directly or indirectly) 10 per cent. or more of the voting stock of the Company, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the US federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Ordinary Shares as part of straddles, hedging transactions or conversion transactions for US federal income tax purposes, US expatriates or investors whose functional currency is not the US dollar).

As used herein, the term ''US Holder'' means a beneficial owner of Ordinary Shares that is, for US federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to US federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for US federal income tax purposes.

The US federal income tax treatment of a partner in a partnership that holds Ordinary Shares will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships should consult their tax advisers concerning the US federal income tax consequences to their partners of the acquisition, ownership and disposition of Ordinary Shares by the partnership.

The Company believes and this summary assumes that the Company is not currently, and does not currently expect to become, a passive foreign investment company (a ''PFIC''). The Company's possible status as a PFIC must be determined annually and therefore may be subject to change. If the Company were to be a PFIC in any year, materially adverse consequences could result for US Holders.

The summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings, court decisions and the income tax treaty between the United States and the United Kingdom, all as currently in effect and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE ORDINARY SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

15.2 Dividends

15.2.1 General

Distributions paid by the Company out of current or accumulated earnings and profits (as determined for US federal income tax purposes) will generally be taxable to a US Holder as foreign source dividend income, and will not be eligible for the dividends-received deduction allowed to US corporations. Distributions in excess of current and accumulated earnings and profits generally will be treated as a non-taxable return of capital to the extent of the US Holder's basis in the Ordinary Shares and thereafter as capital gain. However, the Company does not maintain calculations of its earnings and profits in accordance with US federal income tax accounting principles. US Holders should therefore assume that any distribution by the Company with respect to Ordinary Shares will constitute ordinary dividend income. US Holders should consult their own tax advisers with respect to the appropriate US federal income tax treatment of any distribution received from the Company.

For taxable years that begin before 2009, dividends paid by the Company will be taxable to a non-corporate US Holder at the special reduced rate normally applicable to capital gains, provided the Company qualifies for the benefits of the income tax treaty between the United States and the United Kingdom and the Company is not a PFIC in the year of distribution or the immediately prior year. A US Holder will be eligible for this reduced rate only if it has held the Ordinary Shares for more than 60 days during the 121-day period beginning 60 days before the ex dividend date and satisfies certain other requirements.

Prospective purchasers should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to dividends on the Ordinary Shares.

15.2.2 Foreign currency dividends

Dividends paid in sterling will be included in income in a US dollar amount calculated by reference to the exchange rate in effect on the day the dividends are received by the US Holder, regardless of whether the sterling is converted into US dollars at that time. If dividends received

in sterling are converted into US dollars on the day they are received, the US Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

15.3 Sale or other disposition

A US Holder's tax basis in an Ordinary Share will generally be its US dollar cost. The US dollar cost of an Ordinary Share purchased with foreign currency will generally be the US dollar value of the purchase price on the date of purchase or, in the case of Ordinary Shares traded on an established securities market, as defined in the applicable Treasury Regulations, that are purchased by a cash basis US Holder (or an accrual basis US Holder that so elects), on the settlement date for the purchase. Such an election by an accrual basis US Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

Upon a sale or other disposition of Ordinary Shares, a US Holder generally will recognise capital gain or loss for US federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other disposition and the US Holder's adjusted tax basis in the Ordinary Shares. This capital gain or loss will be long-term capital gain or loss if the US Holder's holding period in the Ordinary Shares exceeds one year. However, regardless of a US Holder's actual holding period, any loss may be long-term capital loss to the extent the US Holder receives a dividend that qualifies for the reduced rate described above under "Dividends — General", and exceeds 10 per cent. of the US Holder's basis in its Ordinary Shares. Any gain or loss will generally be US source.

The amount realised on a sale or other disposition of Ordinary Shares for an amount in foreign currency will be the US dollar value of this amount on the date of sale or disposition. On the settlement date, the US Holder will recognise US source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the US dollar value of the amount received based on the exchange rates in effect on the date of sale or other disposition and the settlement date. However, in the case of Ordinary Shares traded on an established securities market that are sold by a cash basis US Holder (or an accrual basis US Holder that so elects), the amount realised will be based on the exchange rate in effect on the settlement date for the sale, and no exchange gain or loss will be recognised at that time.

15.4 Disposition of foreign currency

Foreign currency received on the sale or other disposition of an Ordinary Share will have a tax basis equal to its US dollar value on the settlement date. Foreign currency that is purchased will generally have a tax basis equal to the US dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Ordinary Shares or upon exchange for US dollars) will be US source ordinary income or loss.

15.5 Backup withholding and information reporting

Payments of dividends and other proceeds with respect to Ordinary Shares by a US paying agent or other US intermediary will be reported to the IRS and to the US Holder as may be required under applicable regulations unless the US Holder is a corporation or otherwise establishes a basis for exemption. Backup withholding may apply to reportable payments if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its US federal income tax returns. The amount of any backup withholding from a payment to a US taxpayer will be allowed as a credit against the US taxpayer's US Federal income tax liability and a refund of any excess amounts refundable, if the US Holder provides the required information to the IRS. US Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

16 Securities laws

The distribution of this document and the offer of Ordinary Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

16.1 Selling restrictions

No action has been or will be taken in any jurisdiction that would permit a public offering of the Ordinary Shares, or possession or distribution of this document or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Ordinary Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this document comes should inform themselves about and observe any restrictions on the distribution of this document and the offer of Ordinary Shares contained in this document. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to subscribe for any of the Ordinary Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

United States

The Ordinary Shares have not been and will not be registered under the Securities Act and, subject to certain exemptions, may not be offered or sold within the United States.

In addition, until 40 days after the commencement of the Global Offer, an offer or sale of Ordinary Shares within the United States by any dealer (whether or not participating in the Global Offer) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration, or in a transaction not subject to registration, under the Securities Act.

European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "relevant member state"), with effect from and including the date on which the Prospectus Directive was implemented in that relevant member state (the "relevant implementation date") no Ordinary Shares have been offered or will be offered pursuant to the Global Offer to the public in that relevant member state prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in the relevant member state, all in accordance with the Prospectus Directive, except that with effect from and including the relevant implementation date, offers of Ordinary Shares may be made to the public in that relevant member state at any time:

(a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000; and (iii) an annual turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Underwriters; or

(d) in any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive,

provided that no such offer of Ordinary Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a relevant member state and each person who initially acquires any Ordinary Shares or to whom any offer is made under the Global Offer will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive.

For the purpose of the expression an "offer of any Ordinary Shares to the public" in relation to any Shares in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer of any Ordinary Shares to be offered so as to enable an

investor to decide to purchase any Ordinary Shares, as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.

In the case of any Ordinary Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Ordinary Shares acquired by it in the Global Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Ordinary Shares to the public other than their offer or resale in a relevant member state to qualified investors as so defined or in circumstances in which the prior consent of the Underwriters has been obtained to each such proposed offer or resale. The Company, Merrill Lynch, Deutsche Bank and Goldman Sachs International and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Underwriters of such fact in writing may, with the consent of the Underwriters, be permitted to subscribe for or purchase Ordinary Shares in the Global Offer.

Canada

The relevant clearances have not been, and will not be, obtained from the Securities Commission of any province or territory of Canada. Accordingly, subject to certain exceptions the Ordinary Shares may not, directly or indirectly, be offered or sold within Canada, or offered or sold to a resident of Canada.

Australia

This prospectus has not been and will not be lodged with the Australian Securities and Investments Commission or the Australian Stock Exchange and is not a disclosure document for purposes of Australian law. This prospectus (whether in preliminary or definitive form) may not be issued or distributed in Australia and no offer or invitation may be made in relation to the issue, sale or purchase of any Shares in Australia (including an offer or invitation received by a person in Australia) and no shares may be sold in Australia, unless the offer or invitation does not need disclosure to investors under Part 6D.2 or Division 2 of Part 7.9 of the Corporations Act 2001 (Cth).

Japan

The Ordinary Shares have not been and will not be registered under the Securities and Exchange Law of Japan and may not be offered or sold directly or indirectly in Japan except under circumstances that result in compliance of all applicable laws, regulations and guidelines promulgated by the relevant governmental and regulatory authorities in effect at the relevant time.

No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Ordinary Shares, or possession or distribution of this document or any other offering material in any country or jurisdiction where action for that purpose is required.

The distribution of this document and the offer of Ordinary Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

16.2 Transfer restrictions

Because of the following restrictions, investors are advised to consult legal counsel prior to making any offer for the resale, pledge or other transfer of Ordinary Shares.

The Ordinary Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Ordinary Shares may not be offered, sold, pledged or otherwise transferred in the United States except in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each purchaser of Ordinary Shares located within the United States will be deemed to have represented, acknowledged and agreed as follows (terms defined in Rule 144A or Regulation S shall have the same meaning in this paragraph 16 of this Part X):

(a) The purchaser: (1) is a QIB; (2) is aware, and each beneficial owner of such shares has been advised, that the sale of the Ordinary Shares to it is being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A or another exemption from, or a transaction not subject to, the registration requirements of the Securities Act; (3) is acquiring such Ordinary Shares for its own account or for the account of another QIB, as the case may be; and (4) no representation can be made as to the availability of the exemption provided by Rule 144 for resales of the Ordinary Shares.

(b) The purchaser understands (or, if it is acting for the account of another person, such person has confirmed to it that such person understands) that the Ordinary Shares are ''restricted securities'' (within the meaning of Rule 144(a)(3) of the Securities Act) and that such Ordinary Shares are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the Ordinary Shares have not been and will not be registered under the Securities Act and that it may not offer, resell, pledge or otherwise transfer any of such Ordinary Shares except: (i) in accordance with Rule 144A or another exemption from, or a transaction not subject to, the registration requirements of the Securities Act to a QIB or to a person that the seller and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of another QIB; (ii) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act; (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if applicable); or (iv) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States.

(c) Each purchaser understands that any certificated Ordinary Shares, unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

THE ORDINARY SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE ''SECURITIES ACT''), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A OR ANOTHER EXEMPTION FROM, OR A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT TO A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A OR A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THESE ORDINARY SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE ORDINARY SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE COMPANY'S SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK.

(d) The Company, the Registrars, Merrill Lynch, Deutsche Bank and Goldman Sachs International and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Ordinary Shares for the account of one or more QIBs, it represents that it has sole investment discretion with respect

to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

(e) Notwithstanding anything to the contrary in the foregoing, the Ordinary Shares may not be deposited into any unrestricted depositary receipt facility in respect of the Company's shares established or maintained by a depositary bank.

(f) Any offer, sale, resale, pledge or other transfer made other than in compliance with the above stated restrictions shall not be recognised by the Company in respect of the Ordinary Shares.

(g) Each purchaser which, in the future, offers, resells, pledges or otherwise transfers such Ordinary Shares, will notify such subsequent transferees of the transfer restrictions set out in paragraphs (a) to (f) above.

Prospective purchasers are hereby notified that the sellers of the Ordinary Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

17 Underwriting arrangements

17.1 Underwriting Agreement

Under the terms and subject to the conditions contained in the Underwriting Agreement entered into on 3 November 2005 between the Company, the Principal Shareholders, the Directors and the Underwriters, the Underwriters have severally agreed to procure subscribers, or failing which, to subscribe for themselves, the Ordinary Shares to be issued in the Global Offer at the Offer Price.

The Underwriting Agreement contains, amongst others, the following provisions:

17.1.1 The Company has appointed Merrill Lynch as sponsor in connection with Admission. The Company and the Principal Shareholders have appointed Merrill Lynch as global co-ordinator in connection with the Global Offer and have appointed Merrill Lynch, Deutsche Bank and Goldman Sachs International as joint bookrunners to the Global Offer.

17.1.2 Merrill Lynch, as stabilising manager, has entered into the Over-allotment Arrangements with TDR Capital Nominees Limited and CV1 Limited, pursuant to which Merrill Lynch may purchase, or procure purchasers for, up to 6,328,125 Over-allotment Shares at the Offer Price for the purposes of allowing Merrill Lynch to meet over-allocations, if any, in connection with the Global Offer and short positions resulting from sales of Ordinary Shares effected by it during the stabilising period to be covered. The number of Over-allotment Shares which are the subject of the Over-allotment Arrangements may vary but will be determined not later than 2 December 2005. Settlement of any purchase of Over-allotment Shares will take place shortly after such determination (or, if purchased on Admission, at Admission). If any Over-allotment Shares are purchased pursuant to the Over-allotment Arrangements, Merrill Lynch will be committed to pay to TDR Capital Nominees Limited and CV1 Limited, as the case may be, or procure that payment is made to it, of an amount equal to the Offer Price multiplied by the number of Over-allotment Shares made available by TDR Capital Nominees Limited and CV1 Limited, as the case may be, less commissions. Save as required by law or regulation, neither Merrill Lynch nor any of its agents intends to disclose the extent of any over-allotments and/or stabilisation transactions under the Global Offer.

17.1.3 The Company has agreed that Merrill Lynch, on behalf of itself and the other Underwriters, may deduct from the proceeds of the Global Offer payable to the Company, a commission equal to 2.5 per cent. of the Offer Price multiplied by the aggregate number of New Ordinary Shares which the Underwriters have agreed to procure subscribers for or, failing which, to subscribe themselves pursuant to the terms of the Underwriting Agreement (the ''Company's Proceeds''). In addition, TDR Capital Nominees Limited and CV1 Limited have agreed that Merrill Lynch, on behalf of itself and the other Underwriters, may deduct a commission equal to 2.5 per cent. of the Offer Price multiplied by the number of Over-allotment Shares (if any) sold by TDR Capital Nominees Limited and CV1 Limited, as the case may be, pursuant to the Over-allotment Arrangements (the ''Over-allotment Proceeds'') . A discretionary incentive fee of up to 1 per cent. of the aggregate of the Company's Proceeds and the maximum amount of the Over-allotment Proceeds may be paid by the Company and/or TDR Capital and/or Capricorn to the Underwriters within 60 days of Admission and at such time as the Company and the Principal Shareholders may jointly determine as to a further 0.5 per cent., if the

Company and TDR Capital LLP, TDR Capital General Partner Limited and CV1 Limited in their absolute discretion so determine.

All commissions and fees will be paid together with any value added tax chargeable thereon.

17.1.4 The obligations of the parties to the Underwriting Agreement are subject to certain conditions that are typical for an agreement of this nature. These conditions include, amongst others, the accuracy of the representations and warranties under the Underwriting Agreement and Admission occurring by not later than 8.00 a.m. on 8 November 2005 or such later time and/or date (not being later than 13 November 2005) as the Company may agree with the Underwriters. The Underwriters may terminate the Underwriting Agreement prior to Admission in certain specified circumstances that are typical for an agreement of this nature. These include the occurrence of certain material changes in the condition (financial, operational or otherwise), or in the earnings, management, business affairs, business prospects or financial prospects of the Company or the Group and certain changes in financial, political or economic conditions. If any of the above-mentioned conditions are not satisfied (or waived, where capable of being waived) by, or the Underwriting Agreement is terminated prior to, Admission, the Global Offer will lapse.

17.1.5 The Company, TDR Capital Nominees Limited and CV1 Limited have agreed to pay or cause to be paid (together with any related value added tax) certain costs, charges, fees and expenses of, or in connection with, or incidental to, amongst other things, the Global Offer and/or Admission which are estimated to amount to £12.9 million in total. In addition, the Company, TDR Capital Nominees Limited and CV1 Limited have agreed to pay and/or reimburse certain stamp duty or stamp duty reserve tax liabilities arising out of or in connection with the arrangements that are the subject of the Underwriting Agreement.

17.1.6 The Company, the Principal Shareholders and the Directors have given certain customary representations, warranties and undertakings to the Underwriters. In addition, the Company and the Principal Shareholders have given certain indemnities to the Underwriters. The liability of the Company is unlimited as to time and amount and the liabilities of the Principal Shareholders and the Directors are limited as to amount and, in the case of the Directors, are also limited as to time.

17.1.7 The Company has undertaken, amongst other things, to each of the Underwriters that, during a period of six months from the date of Admission it will not, without the prior written consent of any two of the Underwriters, directly or indirectly, offer, issue, lend, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or issue of, any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing, save in respect of Ordinary Shares issued: (a) pursuant to the Global Offer; or (b) pursuant to the exercise of options under share option schemes in existence on the date of Admission and described in paragraph 9 of this Part X.

17.1.8 Each of the Directors has undertaken, amongst other things, to each of the Underwriters that, during a period of 12 months from the date of Admission he or she will not, without the prior written consent of any two of the Underwriters, directly or indirectly, offer, issue, lend, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or issue of, any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing, save that the above restrictions shall not apply in respect of Ordinary Shares issued pursuant to the exercise of options under share option schemes in existence on the date of Admission and described in paragraph 9 of this Part X or prohibit a Director from:

(a) accepting a general offer made to all holders of issued and allotted Ordinary Shares for the time being (other than Ordinary Shares held or contracted to be acquired by the offeror or its associates within the meaning of Section 430E of the Companies Act) made in accordance with the City Code on terms which treat all such holders alike;

(b) executing and delivering an irrevocable commitment or undertaking to accept a general offer (without any further agreement to transfer or dispose of any Ordinary Shares or any interest therein) as is referred to in sub-paragraph (a) above;

(c) selling or otherwise disposing of Ordinary Shares pursuant to any offer by the Company to purchase its own Ordinary Shares which is made on identical terms to all holders of Ordinary Shares in the Company;

(d) transferring or disposing of Ordinary Shares pursuant to a compromise or arrangement between the Company and its creditors or any class of them or between the Company and its members or any class of them which is agreed to by the creditors or members and (where required) sanctioned by the Court under sections 425-427A of the Companies Act;

(e) taking up any rights granted in respect of a rights issue or other pre-emptive share offering by the Company; and

(f) in respect of the Directors who are participants in the Partnership Plan, selling or otherwise disposing of Ordinary Shares which are forfeited under the Partnership Plan.

17.1.9 Each of TDR Capital Nominees Limited and CV1 Limited has undertaken, amongst other things, to each of the Underwriters that, during a period of six months from the date of Admission it will not, without the prior written consent of any two of the Underwriters, directly or indirectly, offer, issue, lend, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or issue of, any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing, save that the above restrictions shall not prohibit either of TDR Capital Nominees Limited or CV1 Limited from:

(a) accepting a general offer made to all holders of issued and allotted Ordinary Shares for the time being (other than Ordinary Shares held or contracted to be acquired by the offeror or its associates within the meaning of Section 430E of the Companies Act) made in accordance with the City Code on terms which treat all such holders alike;

(b) executing and delivering an irrevocable commitment or undertaking to accept a general offer (without any further agreement to transfer or dispose of any Ordinary Shares or any interest therein) as is referred to in sub-paragraph (a) above;

(c) selling or otherwise disposing of Ordinary Shares pursuant to any offer by the Company to purchase its own Ordinary Shares which is made on identical terms to all holders of Ordinary Shares in the Company;

(d) transferring or disposing of Ordinary Shares pursuant to a compromise or arrangement between the Company and its creditors or any class of them or between the Company and its members or any class of them which is agreed to by the creditors or members and (where required) sanctioned by the Court under sections 425-427A of the Companies Act; and

(e) taking up any rights granted in respect of a rights issue or other pre-emptive share offering by the Company.

17.2 Stock Lending Agreement

In connection with settlement and stabilisation, Merrill Lynch, as stabilising manager, has entered into a stock lending agreement (the ''Stock Lending Agreement'') with CV1 Limited and TDR Capital Nominees Limited, pursuant to which Merrill Lynch will be able to borrow up to 6,328,125 Ordinary Shares on Admission for the purposes, amongst other things, of allowing Merrill Lynch to settle, at Admission, over-allotments, if any, made in connection with the Global Offer. If Merrill Lynch borrows any Ordinary Shares pursuant to the Stock Lending Agreement it will be required to return equivalent securities to CV1 Limited and TDR Capital Nominees Limited by no later than 2 December 2005.

18 Material contracts

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by members of the Group within two years immediately preceding the date of this document or which are expected to be entered into prior to Admission and which are, or may be, material or which have been entered into at any time by members of the Group and which contain any provision under which

any member of the Group has any obligation or entitlement which is, or may be, material to the Group as at the date of this document:

18.1 The Underwriting Agreement referred to in paragraph 17.1 above.

18.2 The Relationship Agreement entered into between the Company and the Principal Shareholders dated 2 November 2005, taking effect on (and conditional upon) Admission.

The Relationship Agreement provides that:

18.2.1 The Principal Shareholders shall be able to appoint, remove and re-appoint:

(i) three Non-Executive Directors to the Board whilst they together own 30 per cent. or more of the Ordinary Shares following Admission;

(ii) two Non-Executive Directors to the Board whilst they together own 20 per cent. or more of the Ordinary Shares following Admission;

(iii) one Non-Executive Director to the Board whilst they together own 10 per cent. or more of the Ordinary Shares following Admission; and

(iv) one Non-Executive Director to each of the remuneration, nomination and audit committee whilst they together own 10 per cent. or more of the Ordinary Shares following Admission.

18.2.2 Meetings of the Board shall not be quorate unless the Non-Executive Director appointed by the Principal Shareholders is present at such meetings. Where the Principal Shareholders have exercised their right to appoint a Director to the audit, nominations and/or remuneration committees, no meeting of the relevant committee shall be quorate unless such Director is present. These quorum requirements shall also not apply where the matter to be considered concerns a conflict between the interests of the Group and those of the Principal Shareholders or where a Board meeting, adjourned as non-quorate for the lack of a nominated Director, has not been able to be re-convened due to the non-availability of any nominated Director for a period in excess of seven days.

18.2.3 The Principal Shareholders shall conduct all transactions and relationships with the Group on arm's length terms and on a normal commercial basis and shall not take any action which precludes or inhibits any member of the Group from carrying on its business independently of them. Any amendments to the arrangements or new arrangements must be approved by a majority of Directors, not including any Director appointed by the Principal Shareholders, and no Director appointed by the Principal Shareholders (or, at a general meeting, the Principal Shareholders) may vote on any resolution to approve the enforcement or amendment of such arrangements or any other matters where there is a conflict between the interests of the Group and those of the Principal Shareholders.

18.2.4 The Principal Shareholders have agreed to procure that any Directors appointed by them under the Relationship Agreement shall agree to the terms summarised in paragraph 8.7 of this Part X relating to disclosure of information relating to business opportunities.

18.2.5 The Principal Shareholders have in addition agreed to disclose to their nominated Directors information relating to potential opportunities where there may be a conflict with the Group such that the relevant Director does not participate in any decision by the Company in relation to that matter and such opportunities may be pursued by the relevant Principal Shareholder without disclosure to the Group.

18.3 The term and revolving credit facilities agreement (the ''Facilities Agreement'') dated 20 October 2005 entered into between, amongst others, the Company and HSBC Bank plc and The Royal Bank of Scotland plc as mandated lead arrangers and the original lenders (together with any other lender that may become party to the Facilities Agreement from time to time, the ''Lenders'').

Structure

The Lenders have made available under the Facilities Agreement facilities in aggregate amount of £400 million, comprising (i) a £370 million sterling term loan facility (the ''Term Facility'') and a £30 million multi-currency revolving loan facility (the ''Revolving Facility'' and, together with the Term Facility, the ''Facilities''). The Term Facility is available to be drawn by Riposte Limited and the

proceeds will be used to refinance existing facilities of the Group (and to pay certain costs and expenses incurred by the Group in connection therewith). The Revolving Facility is available to be drawn by Riposte Limited and certain other subsidiaries of the Company (the ''Borrowers'') and will be used by the Company for the general corporate purposes of the Group. The obligations of the Borrowers are guaranteed as further described below. The availability of the Facilities is conditional upon, amongst other things, Admission.

Interest rates and fees

The interest rate for each of the Facilities is LIBOR (or, in relation to any loan under the Revolving Facility in Euro, EURIBOR) plus the applicable margin and, where appropriate, any applicable mandatory costs. The applicable margin is 1.40 per cent. per annum subject to downwards adjustment in accordance with a margin ratchet linking total net debt to EBITDA.

In addition, the following are payable under the Agreement:

(i) a commitment fee at the rate of 40 per cent. of the applicable margin on the aggregate of all available commitments under the Facilities, payable on the last day of each successive periods of three months and on the date of cancellation of any commitment;

(ii) an agency fee of £15,000 per annum; and

(iii) an arrangement and underwriting fee equal to 0.75 per cent. of the aggregate amount of the Facilities.

Undertakings and covenants

The Facilities Agreement requires the Company to observe and to procure that its subsidiaries observe certain customary covenants including, but not limited to, covenants relating to the provision of financial information. The Facilities Agreement also contains certain negative covenants that restrict the Group from, among other things, creating certain security interests, making certain disposals of assets, entering into mergers and making certain acquisitions.

The financial and operating performance of the Company is monitored by a financial covenant package which includes covenants in relation to total interest cover, total net debt cover and total net interest and rental cover (each calculated according to certain covenant ratios detailed in the Facilities Agreement).

Events of default

The Facilities Agreement contains a number of customary events of default including, but not limited to, those dealing with failure to pay and insolvency proceedings. In some instances the Group is provided with a prescribed grace period to rectify the default. Importantly, failure to perform, keep or observe any term, provision, condition, covenant or agreement in the Facilities Agreement will constitute an event of default. Upon the occurrence and during the continuation of an event of default, the Lenders have the right to (i) declare all or any portion of the obligation immediately due and payable, (ii) cease advancing money or extending credit to the Borrowers and (iii) terminate the Facilities Agreement as to any future obligation of the Lenders. An event of default would generally trigger the right of the Lenders to exercise any of their rights under any guarantees entered into in respect of obligations under the Facilities Agreement.

Prepayments

The Facilities Agreement allows for voluntary prepayments. On the occurrence of a change of control of the Company, each Lender can require mandatory prepayment of the Facilities made available by it. A change of control will occur if any person or group of persons acting in concert gains control of the Company (other than TDR Capital and Capricorn).

Repayment

The Term Facility is to be repaid in annual instalments beginning on the first anniversary of the signing date of the Facilities Agreement and continuing through to the fifth anniversary of the signing of the Facilities Agreement. Advances under the Revolving Facility are to be repaid on the last day of the interest period relating to the relevant advance provided that on the fifth anniversary of the date of

signing of the Facilities Agreement the full amount outstanding and owed in relation to the Revolving Facility must be repaid.

Guarantees

The Company has guaranteed the Borrowers' indebtedness under the Facilities Agreement. Certain subsidiaries of the Company are required to provide a guarantee in respect of the Borrowers' indebtedness under the Facilities Agreement as a condition to the availability of the Facilities.

18.4 The Reorganisation documents referred to in paragraph 3 of this Part X being:

18.4.1 the Warrant Exercise Deeds;

18.4.1 the Gondola Purchase Agreement referred to in paragraph 3.1 above;

18.4.2 the ASK DDB Put and Call Option Deed referred to in paragraph 3.2 above;

18.4.3 the PE2 DDB Put and Call Option Deed referred to in paragraph 3.3 above;

18.4.4 the Loan Note Exchange Agreement and the Loan Note Acquisition Agreement referred to in paragraph 3.4 above;

18.4.5 the Fidelity and M&G Purchase Agreement referred to in paragraph 3.5 above;

18.4.6 the Gondola Loan Agreement referred to in paragraph 3.6 above;

18.4.7 the Gondola Finance Loan Agreement referred to in paragraph 3.7 above;

18.4.8 the Riposte Limited Loan Agreement referred to in paragraph 3.8 above; and

18.4.9 the ASK Loan Agreement referred to in paragraph 3.9 above.

19 Related party transactions and other arrangements

Since 30 April 2002, material transactions between the Group and related parties included:

19.1 The PizzaExpress Acquisition

In June 2003, TDR Capital and Capricorn, through the bid-vehicle GondolaExpress PLC, acquired an indirect, controlling interest in PizzaExpress Limited (formerly PizzaExpress plc) in a public to private transaction for approximately £253.5 million (the ''PizzaExpress Acquisition''). The PizzaExpress Acquisition was funded in part by a senior credit facility dated 3 April 2003 between and among GondolaExpress PLC (''GondolaExpress''), PandoraExpress LP, a parent undertaking of PizzaExpress Limited and certain of its subsidiaries as borrowers, and HBOS plc as lead arranger, and the lenders party thereto (the ''GondolaExpress Facility'').

19.2 The ASK Acquisition

On 6 May 2004, TDR Capital and Capricorn, through the bid-vehicle Riposte Limited, acquired a controlling interest in ASK Central (the ''ASK Acquisition'') upon declaring wholly unconditional a public offer which valued the issued capital of ASK Central at approximately £227.4 million. On 21 June 2004, following the closing of the offer and the compulsory acquisition of minority shareholdings, Gondola acquired 100 per cent. of the share capital of ASK Central. The offer for ASK Central constituted cash with a loan note alternative. The total amount of loan note elections was £5.6 million.

The ASK Acquisition was financed out of cash resources made available to Riposte Limited pursuant to investment by funds managed by TDR Capital and Capricorn, and debt financing made available under a £310 million term and revolving facilities agreement (the ''Senior Facilities Agreement'') and a £130 million mezzanine facility agreement (the ''Mezzanine Facility Agreement''), both dated 13 February 2004. The acquisition was also financed by the issue by Gondola of sterling deep discounted bonds to Capricorn and TDR Capital Nominees Limited (''ASK DDB Instruments''). The aggregate consideration received by Gondola from subscription of the ASK DDB Instruments was used to subscribe for shares in Gondola Finance Limited, which in turn used the subscription moneys to subscribe for shares in Riposte Limited. Additionally, sterling deeply discounted bonds issued by PandoraExpress 2 Limited (''PE2'') in connection with the PizzaExpress Acquisition were novated by PE2 to Gondola in return for an intercompany loan.

19.3 The PizzaExpress refinancing

On or about 1 July 2004, ASK Central acquired the ordinary shares held in PizzaExpress Limited by GondolaExpress (being approximately 89.6 per cent. of the issued share capital of PizzaExpress Limited) and the PandoraExpress Group was reorganised so that it became wholly owned by Gondola (the "Reorganisation").

In order to fund the Reorganisation and to refinance existing indebtedness of PizzaExpress Limited and its parent companies, Gondola borrowed moneys under the Senior Facilities Agreement and the Mezzanine Facility Agreement.

In connection with the Reorganisation, outstanding indebtedness related to the PizzaExpress Acquisition was repaid, including moneys owed under the GondolaExpress Facility and external debt owed by PandoraExpress 4 Limited.

Upon completion of the Reorganisation, PizzaExpress Limited and its subsidiaries became indirect subsidiaries of Gondola, subsidiaries of ASK Central and sister companies to the other main ASK operating subsidiaries. On 1 July 2004, PizzaExpress Limited, ASK Central and certain of their respective subsidiaries acceded to or entered into the Senior Facilities Agreement, Mezzanine Facility Agreement, and related documents.

19.4 Separation of the Non-core Group

Certain restaurant businesses formerly operated by members of the Group and identified as not being core to the ongoing activities of the Group, including the Discontinued Operations, have been transferred to the "Non-core Group". The Non-core Operations currently include the Café Pasta operations, certain former franchise operations of the Group, the International Operations, and seven underperforming PizzaExpress restaurants, all of which were acquired by PE2A and PandoraExpress S.à r.l. with effect from 1 July 2003. The Non-core Operations currently also include four underperforming ASK restaurants and one underperforming Zizzi restaurant, each of which was transferred to the Non-core Group with effect from 30 May 2005. Eight further underperforming PizzaExpress restaurants, which were previously transferred by the Group to the Non-core Group with effect from 1 July 2003, have subsequently been closed and five of these restaurant premises have been sub-let by the Group. One additional ASK restaurant transferred to the Non-core Group in May 2005 has also now been closed. The International Operations have been operated by PandoraExpress S.à r.l. outside the Group since 1 July 2003. The underperforming PizzaExpress, ASK and Zizzi restaurants, Café Pasta Operations, non-UK franchise operations and three remaining UK franchise operations which were all transferred to PE2A, however, were not fully separated from the Group until 20 October 2005, when the shares in PE2A were sold by the Group to PandoraExpress LP for £1.

Contractual arrangements remain in place between the Group and Non-core Group, further details of which are set out below in paragraphs 19.5 to 19.9. The underperforming PizzaExpress, ASK and Zizzi restaurants currently operated by the Non-core Group will be closed by no later than 27 June 2007, if those operations have not previously been closed, re-acquired by the Group or the premises sold by the Group. If, prior to 27 June 2007 or earlier closure, any of the underperforming PizzaExpress, ASK and Zizzi restaurants operated by the Non-core Group report positive EBITDA over a consecutive 6-month period, the Non-core Group may require the Group to acquire any such restaurant business at a price equal to two times annualised EBITDA and with the benefit of the indemnity for business liabilities arising prior to the date of transfer set out under paragraph 19.6 below. No arrangements exist between the Group and Non-core Group concerning any future transfer of restaurants from the Group to the Non-core Group in addition to those already forming part of the Non-core Operations as described above.

In the event of a proposed sale of all or substantially all of the International Operations, PizzaExpress has been granted a right of first refusal by PandoraExpress S.à r.l., PizzaExpress Holdings B.V. and the Principal Shareholders until 30 June 2028 to acquire such operations on no less favourable terms than those proposed with a third party. PizzaExpress shall, in connection with the exercise of such right of first refusal, in certain circumstances indemnify the Principal Shareholders and the Non-core Group against all reasonable costs and expenses up to €100,000 incurred by such persons in relation to any discontinued third-party sale process.

19.5 Licence agreements

Under nine licences to occupy property between PizzaExpress Restaurants Limited and PE2A and one licence between PizzaExpress (Restaurants) Limited and Café Pasta Limited (''Café Pasta'') effective from 1 July 2003, together with six licences between ASK Restaurants Limited and PE2A effective from 30 May 2005 (collectively the ''Licences''), PizzaExpress Restaurants Limited and ASK Restaurants Limited (in each such case a ''Licensor'') have granted non-exclusive licences to PE2A and Café Pasta (as the case may be) to occupy properties leased by the respective Licensors for the purpose of the Non-core Operations. Such licences endure until 27 June 2007 or earlier disposal by the Group of the property, except in relation to the licence to Café Pasta, which endures until the date of expiry of the leases to which PizzaExpress (Restaurants) Limited is party or earlier disposal. Other than in relation to the license to Café Pasta, the Non-core Group will retain any premium realised upon an assignment by the Group of leases for the licensed premises prior to the expiry of such licenses. Except as noted above, each of the Licenses are on substantially the same terms.

In exchange for the Licences, PE2A and Café Pasta agreed to pay all rental costs, service costs and other outgoings properly paid by the Licensors in respect of the properties and services provided in respect of the properties for the duration of the respective Licences. PE2A and Café Pasta have agreed to perform duties required of the Licensors under the lease of the respective properties and to indemnify the Licensors against all losses and liabilities arising from any breach by PE2A or Café Pasta, as the case may be, of the duties under the lease for the duration of the Licences.

The Licensors agreed not to dispose of their interests in the properties without the express written consent of PE2A or Café Pasta, as the case may be (not to be unreasonably withheld), and to account to PE2A or Café Pasta for any income received from the properties net of the cost of recovery, VAT and any payments in respect of service charge items, insurance premiums or sums paid by the Licensors. In addition, the Licensors agreed to take any steps, serve notices and commence proceedings as required by PE2A or Café Pasta, subject to satisfactory indemnity and security.

PizzaExpress (Restaurants) Limited has entered into an agreement to assign to Café Pasta the lease of the property which is the subject of the existing licence between such parties, completion of which assignment is conditional only upon any necessary consents being obtained from third parties.

The Licences may be terminated by the Licensors if (i) the landlord exercises a break option under the leases of the properties or commences forfeiture proceedings against the Licensors; (ii) the Licensors agree to dispose of the properties with vacant possession; or (iii) either PE2A or Café Pasta, as the case may be, defaults on its agreements under the Licences.

Each of PE2A and Café Pasta may terminate the Licences to which it is a party upon three months' notice, subject to the applicable Licensor's approval.

19.6 Deed of indemnity and related covenants

Pursuant to a deed of indemnity as amended and restated on 20 October 2005 (the ''Deed of Indemnity''), PandoraExpress S.à r.l., a member of the Non-core Group owned by PandoraExpress LP and CV1 Limited which indirectly owns the International Operations, has agreed to indemnify PizzaExpress Limited, PizzaExpress (Restaurants) Limited, ASK and ASK Restaurants Limited for claims relating to five Spanish leasehold properties where the Group has guaranteed lease obligations of the Non-core Group. The indemnity will expire upon sale or assignment of the property by the Non-core Group. PE2A has similarly agreed under the Deed of Indemnity to indemnify PizzaExpress Limited, PizzaExpress (Restaurants) Limited, ASK Restaurants Limited and ASK Central Limited against business and property claims relating to the underperforming PizzaExpress, ASK and Zizzi restaurants transferred to the Non-core Group and such indemnity shall end on 27 June 2007 or upon earlier termination of the Licenses described above.

By a deed of covenant dated 20 October 2005, PandoraExpress LP (which owns the entire share capital of PE2A), Capricorn and TDR Capital, have confirmed that PE2A owned cash assets in excess of £1 million as at 27 June 2005, that no distribution or return of capital has been made since that date and have undertaken to the Group to procure that no distribution or return of capital is made by PE2A to any such parties or their associates of such original minimum cash amount.

19.7 Intellectual property

Under two separate brand licence agreements between PizzaExpress Limited and PandoraExpress S.à r.l. and PizzaExpress Limited and PizzaExpress Holdings B.V., and with effect from 1 July 2003, PizzaExpress Limited granted exclusively to the Non-core Group royalty-free licences to use certain PizzaExpress trade marks (including specifically the "PizzaExpress" trade mark), and in the case of the licence to PizzaExpress Holdings B.V., the "Marzano" and "Milano" trade marks, together with the PizzaExpress system which includes the know-how, methods and practices used to carry out the operation of its branded restaurant and manufacturing, distribution and retailing businesses and trade marks related thereto (the "PizzaExpress System") in all places world-wide outside the United Kingdom, the Republic of Ireland and the Bailiwick of Jersey for a term of 25 years.

Pursuant to a brand licence agreement between PizzaExpress Limited, ASK Restaurants Limited, ASK Central Limited and PE2A (which was amended and restated on 20 October 2005) effective from 1 July 2003 in relation to the PizzaExpress brand and effective from 30 May 2005 in relation to the ASK and Zizzi brands, PizzaExpress Limited, ASK Restaurants Limited and ASK Central Limited have granted royalty-free, non-exclusive licences to PE2A to use certain PizzaExpress trade marks and the PizzaExpress System in connection with seven PizzaExpress restaurants earmarked for closure and to use certain ASK trade marks and the ASK system, which includes the know-how, methods and practices used to carry out the operation of its branded restaurant and manufacturing, distribution and retailing businesses and trade marks related thereto in connection with four ASK restaurants and one Zizzi Restaurant earmarked for closure. The brand licences will end on 27 June 2007 or, in relation to each individual restaurant earmarked for closure, on the closure of that restaurant.

Pursuant to a trade mark assignment from PizzaExpress Limited to Café Pasta Limited effective from 27 June 2005, the Non-core Group acquired from the Group certain Café Pasta trade marks and intellectual property rights relating to them. Pursuant to a trade mark assignment from PizzaExpress Limited to PandoraExpress S.à r.l. effective from 27 June 2005, the Non-core Group acquired from the Group certain Marzano trade marks and intellectual property relating to them. The costs of perfecting title to the Café Pasta trade marks and the Marzano trade marks are to be borne by Café Pasta Limited and Pandora Express S.à r.l., respectively.

19.8 Franchise Royalty Agreement

Under a letter agreement effective from 1 July 2003 by and between PizzaExpress Limited and PizzaExpress (Franchises), a member of the Non-core Group, PizzaExpress (Franchises) Limited agreed to pay to PizzaExpress Limited any franchise royalties it receives from three designated PizzaExpress franchise restaurants in the UK and which remain part of the Non-core Group. PizzaExpress (Franchises) Limited further agreed to make every reasonable effort to recover any franchise royalties due from the designated PizzaExpress franchise restaurants, provided that PizzaExpress Limited bore all reasonable costs incurred by PizzaExpress (Franchises) Limited in connection with the recovery of any such franchise royalties. PizzaExpress (Franchises) Limited has undertaken to novate the franchise agreements between itself and the designated PizzaExpress franchise restaurants to PizzaExpress Limited as soon as possible (each such novation currently remains outstanding).

19.9 Transitional Services Agreement

PE2A, PizzaExpress Limited and ASK Restaurants Limited have entered into a services agreement (which was amended and restated on 20 October 2005) for a transitional period ending on 27 June 2007 or, in relation to any restaurant, on such earlier date as such property is disposed of by PizzaExpress Limited or ASK Restaurants Limited. Under this agreement, PizzaExpress Limited and ASK Restaurants Limited provide to PE2A and its subsidiaries services, which include accounting, management, HR, intellectual property, company secretarial, technology and payroll services in respect of four ASK, one Zizzi, nine PizzaExpress and five Café Pasta restaurants. PE2A pays charges for the services calculated at rates which are based on the costs incurred by PizzaExpress Limited and ASK Restaurants Limited in providing such services. In the year to 26 June 2005, approximately £340,000 was paid to PizzaExpress Limited and ASK Restaurants Limited under these arrangements. The Transitional Services Agreement also provides for employees of PizzaExpress Limited and ASK Restaurants Limited (the "Seconded Employees") to work in PizzaExpress and ASK branded restaurants operated by PE2A. In relation to the Seconded Employees, PE2A has agreed to indemnify

PizzaExpress Limited and ASK Restaurants Limited and their respective subsidiaries against claims, actions, fines, penalties, liabilities and expenses in connection with any threatened or actual proceeding, claim or demand (i) by any Seconded Employee arising from their secondment to PE2A (ii) as a direct or indirect consequence of any act or omission of PE2A in respect of the Seconded Employees (iii) as a consequence of a breach by PE2A of its obligations under the Transitional Services Agreement in respect of the Seconded Employees (iv) in respect of redundancy costs related to the Seconded Employees and (v) by any third party as a consequence of the action of any employee whilst working in any of the restaurants. The Transitional Services Agreement also specifies the procedure for dealing with absences of or changes to, the Seconded Employees.

19.10 Investment Deed

Pursuant to an agreement in principle reached following the acquisition of the ASK Group in 2004, TDR Capital and Capricorn agreed to syndicate a portion of their investment in the share capital of ASK Restaurants Limited to Fidelity and M&G and to simplify the Group structure by reorganising each of Fidelity and M&G's investments in the Group by replacing interests held in subsidiaries with interests held exclusively in the Company. ASK Restaurants Limited, certain other Group entities including PizzaExpress Limited, TDR Capital LLP, TDR Capital General Partner L.P. and Capricorn Ventures International Limited and Fidelity and M&G entered into an investment deed (the ''Investment Deed''), pursuant to which Fidelity and M&G subscribed for approximately 10.07 per cent. of the share capital of ASK Restaurants Limited for approximately £22.4 million pursuant to this agreement. Fidelity and M&G already held approximately 10.07 per cent. of the share capital of PizzaExpress Limited.

The Investment Deed sets out the rights and obligations of the parties thereto in relation to ASK Restaurants Limited and PizzaExpress Limited. TDR Capital LLP and Capricorn Ventures International Limited have agreed to procure on or prior to Admission that the Company would exchange for Ordinary Shares the Fidelity and M&G shareholdings in the capital of ASK Restaurants Limited and PizzaExpress Limited. Fidelity and M&G agreed irrevocably to accept such an offer provided that they were issued with Ordinary Shares representing at least 10.07 per cent. of the total issued share capital of the Company on Admission and Company Loan Notes which, together with such issued Ordinary Shares, represent 10.07 per cent. of the enterprise value of the Group (less adjustments including an amount attributed to the cost of the employee share scheme borne by Fidelity and M&G).

The Investment Deed, which was entered into on 20 October 2005, terminates upon Admission (save for certain provisions which survive termination, such as the obligation for Fidelity and M&G to pay a carry payment, the non-disposal undertaking on Fidelity and M&G in respect of their shares in the Company, payment of costs, confidentiality and other miscellaneous provisions).

The Company will issue 32,497,452 Company Loan Notes to Fidelity and M&G as part of the consideration for the purchase of the shares held by them in PizzaExpress Limited and ASK Central Limited.

No interest is payable on the Company Loan Notes until 1 January 2006 when interest will accrue at LIBOR. Any accrued interest shall only be paid when the Company Loan Notes are redeemed.

The holders of the Company Loan Notes have the right to redeem their Loan Notes at par together with any accrued interest at any time more than one day after Admission.

The Company is required to redeem a proportion of the Company Loan Notes when an amount is paid by any member of the Group in respect of any shareholder debt and accrued and rolled up interest thereon to TDR Capital Nominees Limited and/or Capricorn Ventures International Limited (or their affiliates). The amount of Company Loan Notes redeemed at such time, up to the value of such notes, will be the amount of the shareholder debt and interest repaid, divided by 89.93 and multiplied by 10.07. Unless previously redeemed, the Company Loan Notes will be redeemed at par on 30 November 2017 together with accrued interest.

A holder of Company Loan Notes is entitled to call for immediate redemption of their Company Loan Notes with accrued interest if: (i) the principal amount of or any interest on such Loan Notes has not been paid within 30 days of the due date or (ii) an order is made for effective winding up of the Company.

19.11 Director's interests in the Non-core Group

19.11.1 Harvey Smyth, a Director, has indirect economic interests in the entities which hold the Non-core Group, including the non-UK Non-core Operations.

19.11.2 In consideration for an investment of £312,504 (of which £50,000 is deferred until Admission), Harvey Smyth, who is a limited partner of PandoraExpress LP, will have the following interests on Admission:

(i) £312,504 fixed coupon 8 per cent. unlisted unsecured loan notes due 2015 issued by PandoraExpress LP;

(ii) following vesting of the ordinary shares in Gondola under the Partnership Plan, 1,633,464 Ordinary Shares (as described in paragraph 6.3 of this Part X);

(iii) the right to receive 4.41 per cent. of receipts received by PandoraExpress LP from PE2A and its subsidiaries in respect of the UK Non-core Operations held by it; and

(iv) the right to receive 9.53 per cent. of receipts received by PandoraExpress LP from PandoraExpress S.à r.l. in respect of the International Operations held by it.

19.12 Other transactions

Details of the other related party transactions entered into by members of the Group during the period covered by the financial information included in Part VIII — "Accountants' Reports and Financial Information for the Group" appear in Note 29 to Section A of Part VIII.

20 Working capital

In the opinion of the Company, taking account of the net proceeds receivable by the Company under the Global Offer and the New Facility, the working capital available to the Group is sufficient for the Group's present requirements, that is, for the next 12 months following the date of this document.

21 Litigation and arbitration proceedings

No member of the Group is or has been involved in, nor, so far as the Group is aware, has, any pending or threatened governmental, legal or arbitration proceedings, during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of the Company and/or the Group.

22 Significant change

22.1 There has been no significant change in the financial or trading position of Gondola since 26 June 2005, the date to which the financial information for the Group in Section A of Part VIII — "Accountants' Reports and Financial Information for the Group" was prepared, save for the movements in share capital, loans and borrowings as set out in Note 32 of Section A of Part VIII — "Accountants' Reports and Financial Information for the Group".

22.2 There has been no significant change in the financial or trading position of the Company since 14 October 2005, the date to which the financial information for the Company in Section D of Part VIII — "Accountants' Reports and Financial Information for the Group" was prepared save for the movements in share capital as set out in Note 4 of Section D of Part VIII — "Accountants' Reports and Financial Information for the Group".

23 Consent

PricewaterhouseCoopers LLP is a member firm of the Institute of Chartered Accountants in England and Wales and has given and has not withdrawn its written consent to the inclusion of its Accountants' Reports in Sections A, B, C and D of Part VIII of this document and its report on the unaudited pro forma financial information in Section F of Part VIII of this document, in the form and context in which they appear and has authorised the contents of those parts of this document which comprise its reports for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.

24 Miscellaneous

24.1 The expenses relating to the Global Offer payable by the Company including the Financial Services Authority's listing fee, professional fees and expenses and the costs of printing and distribution of documents, including costs related to the Reorganisation and the New Facility, are estimated to amount to £12.9 million (including VAT).

24.2 Each Ordinary Share will be offered at a premium of 295 pence to its nominal value.

24.3 No Ordinary Shares have been marketed to, nor are available for purchase in whole or in part by, the public in the United Kingdom or elsewhere in conjunction with the Global Offer. This document does not constitute an offer or the solicitation of an offer to subscribe for or buy, any securities in the Company or in any other entity.

24.4 No application is currently intended to be made for the Ordinary Shares to be admitted to listing or dealt with on any exchange other than the London Stock Exchange.

24.5 There are no arrangements in existence under which future dividends are to be waived or agreed to be waived.

24.6 The information sourced from Mintel, CACI and TNS has been accurately reproduced and so far as the Company is aware and has been able to ascertain from that published information, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this prospectus the source of such information has been identified.

25 Documents available for inspection

Copies of the following documents are available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months following Admission at the offices of Linklaters at One Silk Street, London EC2Y 8HQ:

(a) the memorandum and articles of association of the Company;

(b) the historical financial information for Gondola Group Limited in respect of the three financial years ended 29 June 2003, 27 June 2004 and 26 June 2005;

(c) the historical financial information for ASK Central Limited in respect of the two financial years ended 29 June 2003 and 27 June 2004;

(d) service agreements of all of the Executive Directors and letters of appointment of the Chairman and all of the Non-Executive Directors;

(e) rules of the New Share Plans;

(f) the consent letter referred to in "Consent" in paragraph 23 above;

(g) the reports from PricewaterhouseCoopers LLP which are set out in Part VIII — "Accountants' Reports and Financial Information for the Group";

(h) the report entitled "Mintel, Pizza and Pasta Restaurants" published by Mintel in March 2000;

(i) the report entitled "British Lifestyles, Special Report" published by Mintel in March 2005;

(j) the report entitled "Eating Out Habits, Leisure Intelligence" published by Mintel in April 2004;

(k) the report entitled "Pizza and Pasta Restaurants, Leisure Intelligence" published by Mintel in February 2004; and

(l) this prospectus.

Dated: 3 November 2005

DEFINITIONS

The following definitions shall apply throughout this document unless the context requires otherwise:

Admission	admission of the Ordinary Shares to the Official List and to trading on the London Stock Exchange's main market for listed securities becoming effective in accordance with, respectively, the Listing Rules and the Admission and Disclosure Standards
Admission and Disclosure Standards	the requirements contained in the publication ''Admission and Disclosure Standards'' dated July 2005 containing, among other things, the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange's market for listed securities
Articles	the new articles of association of the Company, which will be in force from Admission
ASK	the ASK brand and restaurant chain, as described in Part V — ''Information on the Group''
ASK Acquisition	the acquisition by Gondola of a controlling interest in ASK Central, as described in paragraph 19.2 of Part X — ''Additional Information''
ASK Central	ASK Central Limited (formerly ASK Central PLC) of 20 High Street, St Albans, Hertfordshire AL3 4EL
ASK DDBs	means the 2,689,684 £100 deep discounted bonds, due 2015 and issued at an issue price of £14.7554 each, constituted by way of deed between Gondola as issuer and TDR Capital Nominees Limited as subscriber dated 18 May 2004 and the 298,196 £100 deep discounted bonds due 2015 constituted by way of deed between Gondola as issuer and CV1 Limited as subscriber dated 17 May 2004
ASK Group	ASK Central and its subsidiaries from time to time
Articles	the articles of association of the Company from time to time
Associate	in relation to any entity, any other company which is its subsidiary undertaking or parent undertaking or fellow subsidiary undertaking of the parent undertaking, and any other company whose directors are accustomed to act in accordance with the entity's directors or instructions
Board or **Directors**	the board of directors of the Company as at the date of this document
CACI	CACI Information Solutions
Capricorn	Capricorn Ventures International Limited and its subsidiaries CV1 Limited and CV2 Limited
Capricorn Ventures International Limited	Capricorn Ventures International Limited of P.O. Box 3162, Woodburn Hall, Road Town, Tortola, British Virgin Islands
Combined Code	the Combined Code on Corporate Governance issued by the Financial Reporting Council in July 2003
Companies Act	the Companies Act 1985, as amended
Company	Gondola Holdings plc, a company registered in the United Kingdom with registered number 5566787 and whose registered office is at 20 High St, St Albans, Hertfordshire AL3 4EL
Company Loan Notes	the £100 floating rate unsecured loan notes due 2017 issued by the Company
CREST	a relevant system for the paperless settlement of trades and holding of uncertified securities operated by CRESTCo in accordance with the Regulations

CRESTCo	CRESTCo Limited, the operator of CREST
CV1 Limited	CV1 Limited of P.O. Box 3162, Woodburn Hall, Road Town, Tortola, British Virgin Islands
CV2 Limited	CV2 Limited of St Mary's House, 42 Vicarage Crescent, London SW11 3LD
Deutsche Bank	Deutsche Bank AG of Winchester House, 1 Great Winchester Street, London EC2N 2DB
Discontinued Operations	the International Operations divested by the Group with effect from 1 July 2003
Duelpeople Limited	Duelpeople Limited of Great Burgh, Epsom, Surrey KT18 5XT
EU	the European Union
EURIBOR	the Banking Federation of the European Union's interest rate for the offering of Euro-denominated deposits for the relevant interest period, as displayed on the appropriate page of the Telerate screen two days prior to the commencement of any interest period
Executive Directors	the executive directors of the Company
Fidelity	any or all of Fidelity Investments International, Fidelity Pensions Management, Fidelity Investments Services Limited, Fidelity Puritan Trust: Fidelity Low-Priced Fund as the context requires
FIL	Fidelity International Limited, holding company for various direct and indirect subsidiaries, including Fidelity Investment Services Limited and Fidelity Pensions Management
FMR	FMR Corp., holding company for various direct and indirect subsidiaries, including Fidelity Management & Research Company, Fidelity Management Trust Company and its subsidiaries
FSA or **Financial Services Authority**	the Financial Services Authority of the UK in its capacity as the competent authority for the purposes of Part VI of FSMA and in the exercise of its functions in respect of the admission to the Official List otherwise than in accordance with Part VI of FSMA
FSMA	the Financial Services and Markets Act 2000, as amended
Global Offer	the issue of the New Ordinary Shares by the Company to institutional investors in the United Kingdom and elsewhere as described in Part IX — "Details of the Global Offer"
Goldman Sachs International	Goldman Sachs International of Peterborough Court, 133 Fleet Street, London EC4A 2BB
Gondola	Gondola Group Limited of 20 High Street, St Albans, Hertfordshire AL3 4EL
Gondola Group Loan Notes	the 9,000 £10,000 16 per cent. unlisted unsecured loan notes due 2015 constituted by way of a deed between Gondola as issuer and PandoraExpress LP as subscriber dated 30 June 2004 and assigned to TDR Capital Nominees Limited and CV1 Limited on 30 June 2004
Group	prior to the completion of the Reorganisation, Gondola and its subsidiaries, and, thereafter, the Company and its subsidiaries
IFRS	International Financial Reporting Standards, as adopted for use in the EU
International Operations	the Non-core Operations outside the UK and Republic of Ireland, excluding international franchise operations to which PizzaExpress (Franchises) Limited is a party

LIBOR	the British Bankers' Association Interest Settlement Rate for the offering of deposits in the relevant non-Euro currency for the relevant interest period, as displayed on the appropriate page of the Telerate screen on the date of commencement of the interest period
Listing Rules	the listing rules of the Financial Services Authority made for the purpose of Part VI of FSMA relating to the admission of securities to the Official List
London Stock Exchange	London Stock Exchange plc
M&G	M&G Investments, the investment arm of Prudential plc
Merrill Lynch	Merrill Lynch International of Merrill Lynch Financial Centre, 2 King Edward Street, London EC1A 1HQ
New Facility	the revolving credit facility dated 20 October 2005 entered into between, amongst others, the Company and certain of its subsidiaries, HSBC Bank plc and The Royal Bank of Scotland plc, as more particularly described in paragraph 18 of Part X — "Additional Information"
New Ordinary Shares	the 42,187,500 new Ordinary Shares to be issued by the Company under the Global Offer
New Share Plans	the Gondola Holdings Performance Share Plan 2005, the Gondola Holdings Executive Share Option Plan 2005, the Gondola Holdings Deferred Share Bonus Plan 2005, the Gondola Holdings Sharesave Plan 2005 and the Gondola Holdings Share Incentive Plan
Non-core Group	entities outside the Group at the date of this document which hold the Non-core Operations and are controlled by PandoraExpress LP, TDR Capital and/or Capricorn
Non-core Operations	former operations of the Group which have been transferred to the Non-core Group
Non-Executive Directors	the non-executive directors of the Company
Offer Price	320 pence per Ordinary Share
Official List	the official list maintained by the Financial Services Authority for the purposes of Part VI of FSMA
Ordinary Shares or **Shares**	the ordinary shares of 25 pence each in the capital of the Company
Over-allotment Arrangements	the Over-allotment Arrangements set out in the Underwriting Agreement and described in the paragraph headed "Over-allotment and stabilisation" in Part IX — "Details of the Global Offer"
Over-allotment Shares	the 6,328,125 existing Ordinary Shares which are the subject of the Over-allotment Arrangements
PizzaExpress	the PizzaExpress brand and restaurant chain, as described in Part V — "Information on the Group", and references to PizzaExpress includes PizzaExpress Limited (formerly PizzaExpress plc) and its subsidiaries from time to time
PizzaExpress Acquisition	the acquisition by TDR Capital and Capricorn of an indirect, controlling interest in PizzaExpress Limited in a public to private transaction for approximately £278 million through a bid vehicle GondolaExpress PLC, as described in Part X — "Additional Information"
Partnership Plan	the Gondola Group Partnership Plan share incentive scheme operated by the Group
PE2 DDBs	the 2,796,577 £100 deep discounted bonds due 2013 and issued at an

	issue price of £21.4548 each, constituted by way of deed between PandoraExpress 2 Limited as issuer and PandoraExpress LP as subscriber dated 1 July 2003 and novated to Gondola on 18 May 2004
PE2A	PandoraExpress 2A Limited
Principal Shareholders	TDR Capital Nominees Limited, TDR Capital LLP, TDR Capital General Partner Limited and CV1 Limited (in the context of parties to the Relationship Agreement, the term "Principal Shareholders" shall not include TDR Capital General Partner Limited)
Prospectus Directive	Directive 2003/71/EC setting out the initial disclosure obligations for issuers of securities that are offered to the public or admitted to trading on a regulated market in the EU
Prospectus Rules	the rules made for the purposes of Part VI of FSMA in relation to offers of transferable securities to the public and admission of transferable securities to trading on a regulated market
Registrars	Lloyds TSB Registrars of The Causeway, Worthing, West Sussex, BN99 6DA
Regulation S	Regulation S under the Securities Act
Regulations	the Uncertificated Securities Regulations 2001, as amended from time to time
Relationship Agreement	the relationship agreement to be entered into between the Company and the Principal Shareholders to govern the relationship between them following Admission, as described in paragraph 18.2 of Part X — "Additional Information"
Reorganisation	the reorganisation described in paragraph 3 of Part X — "Additional Information"
Securities Act	the United States Securities Act of 1933
Senior Management	those members of the management bodies of the Company and its subsidiaries who are relevant to establishing that the Company has the appropriate expertise and experience for the management of its business for the purposes of paragraph 14.1 of Annex 1 of the Prospectus Rules, being Helen Burgess, Mark Crawford, Martin Eckersley, Adam Kaye, Sam Kaye, Nigel Garfitt and Jackie Freeman
Stabilising Manager	Merrill Lynch
Stock Lending Agreement	the stock lending agreement entered into on 3 November 2005 between TDR Capital Nominees Limited, CV1 Limited and the Stabilising Manager, as described in paragraph 17.2 of Part X — "Additional Information"
TDR Capital	the funds managed by TDR Capital LLP
TDR Capital LLP	TDR Capital LLP of Great Burgh, Epsom, Surrey, KT18 5XT
TDR Capital General Partner Limited	TDR Capital General Partner Limited of 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
TDR Capital Nominees Limited	TDR Capital Nominees Limited of Great Burgh, Epsom, Surrey, KT18 5XT
UK GAAP	generally accepted accounting principles in the UK
Underwriters	Merrill Lynch, Deutsche Bank and Goldman Sachs International
Underwriting Agreement	the underwriting agreement entered into on 3 November 2005 between the Company, the Principal Shareholders, the Directors and the Underwriters described in paragraph 17.1 of Part X — "Additional Information"

United Kingdom or **UK**	the United Kingdom of Great Britain and Northern Ireland
Zizzi	the Zizzi brand and restaurant chain as described in Part V — ''Information on the Group''