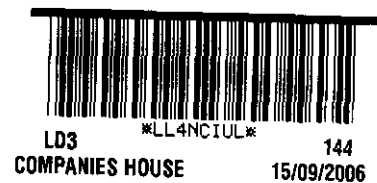


**HAKKASAN LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 31ST MAY 2004 TO**  
**28 MAY 2005**

Company Registration Number 3488606



**BREBNER ALLEN & TRAPP**  
Chartered Accountants & Registered Auditors  
The Quadrangle  
180 Wardour Street  
London  
W1F 8LB



**HAKKASAN LIMITED**  
**COMPANY INFORMATION**

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<b>The board of directors</b>	A T Yau S Wasif B S Thind
<b>Company secretary</b>	L Y T Yau
<b>Registered office</b>	4th Floor 151 Wardour Street London W1F 8WE
<b>Auditors</b>	Brebner Allen & Trapp Chartered Accountants & Registered Auditors The Quadrangle 180 Wardour Street London W1F 8LB
<b>Bankers</b>	HSBC plc 19 St George Street London W1R 0ES

# **HAKKASAN LIMITED**

## **THE DIRECTORS' REPORT**

**PERIOD FROM 31 MAY 2004 TO 28 MAY 2005**

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The directors present their report and the financial statements of the company for the period from 31 May 2004 to 28 May 2005.

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the period was the operation of restaurants.

The business continued to grow in 2005 with an increased turnover of 53% compared to the previous year. This strong growth is attributed to increased sales at Hakkasan as well as a full years trade from the new dim sum restaurant and teahouse concept Yauatcha. The Board has agreed not to distribute dividends over the next few years but will build reserves for future expansion of the company and reinvest in new projects in the UK and overseas.

The company's brand continues to strengthen and is associated with high quality Chinese dining; this has been further enhanced with the launch of Yauatcha. The strength of the business and its maturing status within restaurant circles is reflected by the awards it has won again this year. The coveted Michelin Star has been retained by Hakkasan and also awarded to Yauatcha within nine months of its launch. The company is therefore in a unique position of having two restaurants enjoying this accolade.

For the year ending May 2006 the board is expecting a 9.6% growth in turnover for the company. Hakkasan, in its fifth year, is projected to grow a further 9% whilst at Yauatcha in its second year of trade, a more aggressive growth of around 25% is expected. The company's strong presence in the ultimate luxury dining arena is built on its winning formula of high quality food coupled with an Oriental atmosphere. To ensure continuity of growth we intend to concentrate on refining the service levels and the overall restaurant experience in the future.

The success of Hakkasan and Yauatcha is gaining recognition both in the UK and internationally and has led the board to consider new opportunities overseas. The company is in discussion with a number of potential overseas partners to expand both brands internationally. Currently, the company has signed management agreements in the territories of Istanbul and Abu Dhabi to expand Hakkasan in those areas.

The Board has decided the concept proposition for the site at Ganton Street, London W1 is no longer compatible with the business plan. In the light of this, the Board has decided to assign the lease to Alan Yau (a director of Hakkasan Limited). Negotiations to re-assign the lease are at an advanced stage, and expect to be completed in September 2006.

The operating loss for the year increased to £809,575 compared to previous years, in addition to which reflects exceptional costs of £266,047 relating to the disposal of Ganton Street.

### **RESULTS AND DIVIDENDS**

The trading results for the period and the company's financial position at the end of the period are shown in the attached financial statements.

The directors have not recommended a dividend.



# **HAKKASAN LIMITED**

## **THE DIRECTORS' REPORT** *(continued)*

**PERIOD FROM 31 MAY 2004 TO 28 MAY 2005**

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### **DIRECTORS**

The directors who served the company during the period were as follows:

A T Yau  
S Dattani  
S Wasif  
B S Thind

No director had any direct interest in the share capital of the company. Yolana Limited holds 17,068 'A' Ordinary shares in the company. It is owned by Vivat Trustees Limited who are Trustees of the Yolana Trust, which was established by a Declaration of Trust on 16 March 1998 for the benefit of A T Yau, a director of the company as well as his wife and children.

S Wasif and B S Thind are directors of Cottergreen Limited and own 100% of the share capital of that company. Cottergreen Limited owns 50,000 'B' Ordinary shares in Hakkasan Limited.

S Dattani was appointed as a director on 6th December 2004 and resigned on 19th September 2005.

### **DIRECTORS' RESPONSIBILITIES**

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

- select suitable accounting policies, as described on pages 10 to 12, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **DISABLED EMPLOYEES**

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.



# **HAKKASAN LIMITED**

## **THE DIRECTORS' REPORT** *(continued)*

**PERIOD FROM 31 MAY 2004 TO 28 MAY 2005**

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### **EMPLOYEE INVOLVEMENT**

The company operates an equal opportunities employment ethos, it also has in place a training programme to ensure that all staff are fully trained and up to date with statutory laws and requirements relating to food hygiene, health and safety, licensing and employment law.

### **AUDITORS**

A resolution to re-appoint Brebner Allen & Trapp as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors



A. P. Yau

Director

Approved by the directors on 18 August 2006



# **HAKKASAN LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HAKKASAN LIMITED**

**PERIOD FROM 31 MAY 2004 TO 28 MAY 2005**

---

We have audited the financial statements of Hakkasan Limited for the period from 31 May 2004 to 28 May 2005 on pages 7 to 23 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 to 12.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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

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

### **BASIS OF AUDIT OPINION**

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

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



# **HAKKASAN LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HAKKASAN LIMITED** *(continued)*

**PERIOD FROM 31 MAY 2004 TO 28 MAY 2005**

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### **FUNDAMENTAL UNCERTAINTY**

In forming our opinion we have considered the adequacy of the disclosures in note 1 relating to going concern. Our opinion is not qualified in this regard.

### **OPINION**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 28 May 2005 and of its loss for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.



**BREBNER ALLEN & TRAPP**  
Chartered Accountants  
& Registered Auditors

The Quadrangle  
180 Wardour Street  
London  
W1F 8LB

15.12.2006



# HAKKASAN LIMITED

## PROFIT AND LOSS ACCOUNT

PERIOD FROM 31 MAY 2004 TO 28 MAY 2005

	Note	Period from 31 May 04 to 28 May 05 £	Period from 26 May 03 to 30 May 04 £
<b>TURNOVER</b>	2	12,862,877	8,394,606
Cost of sales		<u>(8,083,409)</u>	<u>(5,107,673)</u>
<b>GROSS PROFIT</b>		4,779,468	3,286,933
Administrative expenses		<u>(5,589,043)</u>	<u>(3,438,317)</u>
<b>OPERATING LOSS</b>	3	(809,575)	(151,384)
Provision for loss on operations to be discontinued		<u>(266,047)</u>	<u>(609,080)</u>
		(1,075,622)	(760,464)
Interest receivable	6	1,481	2,471
Interest payable and similar charges	7	<u>(342,135)</u>	<u>(130,751)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(1,416,276)	(888,744)
Tax on loss on ordinary activities	8	276,698	39,591
<b>LOSS FOR THE FINANCIAL PERIOD</b>		<u>(1,139,578)</u>	<u>(849,153)</u>
Balance brought forward		<u>(3,242,914)</u>	<u>(2,393,761)</u>
Balance carried forward		<u>(4,382,492)</u>	<u>(3,242,914)</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the period as set out above.

The notes on pages 10 to 23 form part of these financial statements.



# HAKKASAN LIMITED

## BALANCE SHEET

28 MAY 2005

	Note	28 May 05 £	30 May 04 £
<b>FIXED ASSETS</b>			
Intangible assets	9	14,745	—
Tangible assets	10	5,464,207	6,454,371
Investments	11	2	2
		<u>5,478,954</u>	<u>6,454,373</u>
<b>CURRENT ASSETS</b>			
Stocks	12	413,273	262,371
Debtors due within one year	13	546,832	548,275
Debtors due after one year	13	501,989	344,792
Cash in hand		198,649	208,381
		<u>1,660,743</u>	<u>1,363,819</u>
<b>CREDITORS: Amounts falling due within one year</b>	15	<u>4,939,079</u>	<u>4,098,243</u>
<b>NET CURRENT LIABILITIES</b>		<u>(3,278,336)</u>	<u>(2,734,424)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,200,618</u>	<u>3,719,949</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	16	<u>5,533,158</u>	<u>6,184,433</u>
		<u>(3,332,540)</u>	<u>(2,464,484)</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Other provisions	18	<u>271,522</u>	<u>—</u>
		<u>(3,604,062)</u>	<u>(2,464,484)</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	22	100,000	100,000
Other reserves	23	678,430	678,430
Profit and loss account		<u>(4,382,492)</u>	<u>(3,242,914)</u>
<b>DEFICIT</b>	24	<u>(3,604,062)</u>	<u>(2,464,484)</u>

These financial statements were approved by the directors on the 18 August 2006 and are signed on their behalf by:

A T YAU  
Director



The notes on pages 10 to 23 form part of these financial statements.



# **HAKKASAN LIMITED**

## **CASH FLOW STATEMENT**

**PERIOD FROM 31 MAY 2004 TO 28 MAY 2005**

	Note	Period from 31 May 04 to 28 May 05 £	Period from 26 May 03 to 30 May 04 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	25	1,101,335	1,228,774
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	25	(340,654)	(128,280)
<b>TAXATION</b>	25	(736)	—
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	25	(245,759)	(4,301,117)
<b>CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>		514,186	(3,200,623)
<b>FINANCING</b>	25	(441,559)	2,763,790
<b>INCREASE/(DECREASE) IN CASH</b>	25	<u>72,627</u>	<u>(436,833)</u>

The notes on pages 10 to 23 form part of these financial statements.



# **HAKKASAN LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD FROM 31 MAY 2004 TO 28 MAY 2005**

---

### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention.

Comparative figures are in respect of the period from 26th May 2003 to 30th May 2004.

#### **Turnover**

Turnover is the value of goods and services, exclusive of Value Added Tax, provided to customers during the period.

#### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Trademarks - over 10 years

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	- over life of lease
Plant & Machinery	- 20%-30% on cost
Fixtures & Fittings	- 20% on cost
Office Equipment	- 20%-30% on cost

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### **Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding.

#### **Finance lease agreements**

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding, and the capital element which reduces the outstanding obligation for future instalments.



# HAKKASAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 31 MAY 2004 TO 28 MAY 2005

---

### 1. ACCOUNTING POLICIES *(continued)*

#### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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.



# HAKKASAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 31 MAY 2004 TO 28 MAY 2005

---

### 1. ACCOUNTING POLICIES *(continued)*

#### **Going concern**

During the period the company made an operating loss of £809,575 and a retained loss after interest and tax of £1,139,578. The balance sheet showed a deficiency on current assets of £3,278,336 and on total assets of £3,604,062.

The long term creditors due after more than one year amount to £5,804,680. This amount consists of agreed long term bank loans and hire purchase agreements together with other long term loans advanced to the company. Confirmation has been received that the long term other loans will remain in place and that the providers of this funding will not call upon repayment for a period in excess of 12 months from the approval of the accounts unless the company has sufficient working capital. The directors have ensured that the company has met its obligations under the bank loans and hire purchase agreements and are of the opinion that these facilities will remain in place as originally arranged.

The company's unaudited management accounts for the subsequent year to 31st May 2006 show that in that period the company has become profitable, showing a profit in the region of £1m. As a result of the corporation tax losses disclosed in note 8 to the accounts and recognised as an asset on the balance sheet at 28th May 2005 the directors do not believe any corporation tax liability will accrue on this profit.

In common with many restaurant companies Hakkasan Limited manages its day to day working capital requirements from a bank overdraft facility together with agreed credit terms with its principal suppliers and statute applying to direct taxes.

In the period subsequent to the year end the company remained within its bank facility throughout and also complied with the terms agreed with its principal suppliers and met its statutory obligations with regard to direct taxes.

The directors have produced cashflow forecasts for a period exceeding 12 months from the date of approval of the accounts which demonstrate that the company is able to continue to trade within the bank facilities available, to continue to comply with the terms agreed with its principal suppliers and with the statutory requirements in respect of direct taxes. The bank facility was due for renewal in April 2006 and was temporarily renewed until September 2006 and has now been agreed for a period of 12 months until August 2007.

The directors believe the going concern concept is appropriate on the basis of the above, and the accounts have been prepared on that basis.

The financial statements do not include any adjustments that would arise from the going concern basis not being appropriate.

### 2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company and arose solely within the United Kingdom.



# HAKKASAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### PERIOD FROM 31 MAY 2004 TO 28 MAY 2005

#### 2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company and arose solely within the United Kingdom.

#### 3. OPERATING LOSS

Operating loss is stated after charging:

	Period from 31 May 04 to 28 May 05 £	Period from 26 May 03 to 30 May 04 £
Amortisation	384	—
Depreciation of owned fixed assets	1,079,109	793,716
Depreciation of assets held under hire purchase agreements	141,685	57,605
Loss on disposal of fixed assets	—	27,280
Auditors' remuneration		
- as auditors	20,000	14,000
Operating lease costs:		
Plant and equipment	15,485	10,585
Other	<u>1,001,349</u>	<u>417,722</u>

#### 4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial period amounted to:

	Period from 31 May 04 to 28 May 05 No	Period from 26 May 03 to 30 May 04 No
Number of management staff	6	6
All other functions	<u>301</u>	<u>161</u>
	<u>307</u>	<u>167</u>

The aggregate payroll costs of the above were:

	Period from 31 May 04 to 28 May 05 £	Period from 26 May 03 to 30 May 04 £
Wages and salaries	4,323,192	2,595,272
Social security costs	<u>417,415</u>	<u>227,830</u>
	<u>4,740,607</u>	<u>2,823,102</u>



# HAKKASAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### PERIOD FROM 31 MAY 2004 TO 28 MAY 2005

#### 5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	Period from 31 May 04 to 28 May 05 £	Period from 26 May 03 to 30 May 04 £
Emoluments receivable	<u>94,994</u>	<u>63,070</u>

#### 6. INTEREST RECEIVABLE

	Period from 31 May 04 to 28 May 05 £	Period from 26 May 03 to 30 May 04 £
Bank interest receivable	<u>1,481</u>	<u>2,471</u>

#### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	Period from 31 May 04 to 28 May 05 £	Period from 26 May 03 to 30 May 04 £
Interest payable on bank borrowing	260,335	92,892
Finance charges	24,878	14,526
Interest on other loans	<u>56,922</u>	<u>23,333</u>
	<u>342,135</u>	<u>130,751</u>

#### 8. TAXATION ON ORDINARY ACTIVITIES

##### (a) Analysis of charge in the period

	Period from 31 May 04 to 28 May 05 £	Period from 26 May 03 to 30 May 04 £
Deferred tax:		
Origination and reversal of timing differences	<u>(276,698)</u>	<u>(39,591)</u>



# HAKKASAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### PERIOD FROM 31 MAY 2004 TO 28 MAY 2005

#### 8. TAXATION ON ORDINARY ACTIVITIES *(continued)*

##### (b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 30% (2004 - 30%).

	Period from 31 May 04 to 28 May 05 £	Period from 26 May 03 to 30 May 04 £
Loss on ordinary activities before taxation	<u>(1,416,276)</u>	<u>(888,744)</u>
Loss on ordinary activities by rate of tax	(424,883)	(266,623)
Expenses not deductible for tax purposes	92,974	193,697
Capital allowances in excess of depreciation charge	148,676	187,634
Current year losses carried forward	<u>183,233</u>	<u>(114,708)</u>
Total current tax (note 8(a))	<u>-</u>	<u>-</u>

##### (c) Factors that may affect future tax charges

Tax losses available to be carried forward against future profits total £3,223,189 (2004:£2,612,414).

#### 9. INTANGIBLE FIXED ASSETS

	Trademarks £
<b>COST</b>	
Additions	15,129
<b>At 28 May 2005</b>	<u>15,129</u>
<b>AMORTISATION</b>	
Charge for the period	384
<b>At 28 May 2005</b>	<u>384</u>
<b>NET BOOK VALUE</b>	
<b>At 28 May 2005</b>	<u>14,745</u>
<b>At 30 May 2004</b>	<u>-</u>



# HAKKASAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 31 MAY 2004 TO 28 MAY 2005

### 10. TANGIBLE FIXED ASSETS

	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Office Equipment £	Total £
<b>COST</b>					
At 31 May 2004	3,760,962	2,105,068	1,974,670	378,330	8,219,030
Additions	22,526	2,628	166,481	38,995	230,630
<b>At 28 May 2005</b>	<b>3,783,488</b>	<b>2,107,696</b>	<b>2,141,151</b>	<b>417,325</b>	<b>8,449,660</b>
<b>DEPRECIATION</b>					
At 31 May 2004	674,642	464,366	500,876	124,775	1,764,659
Charge for the period	332,635	403,283	405,991	78,885	1,220,794
<b>At 28 May 2005</b>	<b>1,007,277</b>	<b>867,649</b>	<b>906,867</b>	<b>203,660</b>	<b>2,985,453</b>
<b>NET BOOK VALUE</b>					
<b>At 28 May 2005</b>	<b>2,776,211</b>	<b>1,240,047</b>	<b>1,234,284</b>	<b>213,665</b>	<b>5,464,207</b>
At 30 May 2004	3,086,320	1,640,702	1,473,794	253,555	6,454,371

#### Hire purchase agreements

Included within the net book value of £5,464,207 is £472,566 (2004 - £614,251) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £141,685 (2004 - £57,605).

### 11. INVESTMENTS

	Shares in Group Undertakings £
<b>COST</b>	
At 31 May 2004 and 28 May 2005	2
<b>NET BOOK VALUE</b>	
<b>At 28 May 2005</b>	2
At 30 May 2004	2



# HAKKASAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 31 MAY 2004 TO 28 MAY 2005

### 11. INVESTMENTS *(continued)*

The company owns 100% of the issued share capital of the company listed below,

	Country of incorporation	Shareholding	Proportion held	Nature of business
Anda UK Limited	England and Wales	Ordinary Shares of £1	100%	Restaurant

Anda UK Limited had net assets of £(2,269,492) and did not trade during the period.

Anda UK Limited ceased trading during the period. Hakkasan Limited has made full provision for the costs of £266,047 incurred on behalf of the company during the period.

### 12. STOCKS

	28 May 05 £	30 May 04 £
Stock	<u>413,273</u>	<u>262,371</u>

### 13. DEBTORS

	28 May 05 £	30 May 04 £
Other debtors	337,269	508,600
Prepayments and accrued income	151,058	100,671
Deferred taxation (note 14)	<u>560,494</u>	<u>283,796</u>
	<u>1,048,821</u>	<u>893,067</u>

The debtors above include the following amounts falling due after more than one year:

	28 May 05 £	30 May 04 £
Other debtors	328,648	344,792
Deferred tax	<u>173,341</u>	<u>—</u>
	<u>501,989</u>	<u>344,792</u>

Included in other debtors after more than one year are rent deposits totalling £328,648 (2004: £344,792) held jointly to the order of the company and the respective landlords under the terms of the lease.

# HAKKASAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### PERIOD FROM 31 MAY 2004 TO 28 MAY 2005

#### 14. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

	Period from 31 May 04 to 28 May 05 £	Period from 26 May 03 to 30 May 04 £
Included in debtors (note 13)	<u>560,494</u>	<u>283,796</u>

The movement in the deferred taxation account during the period was:

	Period from 31 May 04 to 28 May 05 £	Period from 26 May 03 to 30 May 04 £
Balance brought forward	283,796	244,205
Profit and loss account movement arising during the period	<u>276,698</u>	<u>39,591</u>
Balance carried forward	<u>560,494</u>	<u>283,796</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	28 May 05 £	30 May 04 £
Excess of taxation allowances over depreciation on fixed assets	(406,463)	(499,928)
Tax losses available	<u>966,957</u>	<u>783,724</u>
	<u>560,494</u>	<u>283,796</u>

#### 15. CREDITORS: Amounts falling due within one year

	28 May 05 £	30 May 04 £
Bank loans and overdrafts	1,150,375	1,010,509
Trade creditors	1,413,037	982,448
Amounts owed to group undertakings	15,752	—
Corporation tax	—	736
Other taxation and social security	1,089,526	341,150
Hire purchase agreements	234,143	246,652
Other creditors	299,002	535,377
Accruals and deferred income	<u>737,244</u>	<u>981,371</u>
	<u>4,939,079</u>	<u>4,098,243</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	28 May 05 £	30 May 04 £
Bank loans and overdrafts	<u>1,150,375</u>	<u>1,010,509</u>

Obligations under hire purchase contracts are secured on the assets concerned.

# HAKKASAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 31 MAY 2004 TO 28 MAY 2005

### 16. CREDITORS: Amounts falling due after more than one year

	28 May 05 £	30 May 04 £
Bank loans and overdrafts	2,488,880	2,888,885
Hire purchase agreements	212,549	463,818
Other creditors	2,831,729	2,831,730
	<u>5,533,158</u>	<u>6,184,433</u>

The bank overdraft and loan are secured by means of a fixed and floating charge over the company's assets including a legal charge over the property.

Other creditors include loans from shareholders amounting to £2,331,729 (2004: £2,331,730).

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	28 May 05 £	30 May 04 £
Bank loans and overdrafts	<u>2,488,880</u>	<u>2,888,885</u>

### 17. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	28 May 05 £	30 May 04 £
Amounts payable within 1 year	246,652	246,652
Amounts payable between 1 and 2 years	200,040	463,818
	<u>446,692</u>	<u>710,470</u>

### 18. OTHER PROVISIONS

	28 May 05 £
Provision against onerous lease:	
Movement for period	<u>271,522</u>



# HAKKASAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 31 MAY 2004 TO 28 MAY 2005

### 19. COMMITMENTS UNDER OPERATING LEASES

At 28 May 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	<b>Land &amp; Buildings</b>	
	<b>28 May 05</b>	<b>30 May 04</b>
	<b>£</b>	<b>£</b>
Operating leases which expire:		
After more than 5 years	<u>467,000</u>	<u>462,000</u>

### 20. CONTINGENT LIABILITY

The Inland Revenue is claiming that the Tronc system of allocating gratuities to staff has not been administered in a way that would avoid any NIC liabilities thereon. The Board believes this contention to be incorrect and that, therefore, no provision is required.

### 21. RELATED PARTY TRANSACTIONS

Included within other creditors falling due after one year are loans from shareholders. The amounts are Cottergreen Limited £1,165,865 (2004: £1,165,865), Yolana Limited £477,356 (2004: £477,356) and other shareholders £767,908 (2004: £767,908).

S Wasif and B S Thind are directors of Hakkasan Limited and Cottergreen Limited and own 100% of the share capital of Cottergreen Limited. A T Yau, a director of this company is, together with his wife and children, within the class of beneficiary of the Trust that ultimately owns the shares in Yolana Limited.

In addition, included within other creditors falling due after one year is an amount of £500,000 (2004: £500,000) due to Eco West End Limited. This company is managed and controlled by S Wasif. Interest is payable at 1% over base rate, and repayments were due to start in September 2003 although these have been deferred until further notice. No payments were made in respect of interest in the year.

During the period Busaba Eathai Limited incurred expenses on behalf of Hakkasan Limited of £15,752 (2004: £23,637). A T Yau is a director of Busaba Eathai Limited.

During the period Hakkasan Limited incurred management charges of £50,000 (2004: £35,000) from Cottergreen Limited. £20,000 of this sum was unpaid at the balance sheet date.

# HAKKASAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 31 MAY 2004 TO 28 MAY 2005

### 22. SHARE CAPITAL

#### Authorised share capital:

	28 May 05	30 May 04
	£	£
50,000 'A' Ordinary shares of £1 each	50,000	50,000
50,000 'B' Ordinary shares of £1 each	50,000	50,000
	<u>100,000</u>	<u>100,000</u>

#### Allotted, called up and fully paid:

	28 May 05		30 May 04	
	No	£	No	£
'A' Ordinary shares of £1 each	50,000	50,000	50,000	50,000
'B' Ordinary shares of £1 each	50,000	50,000	50,000	50,000
	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

### 23. OTHER RESERVES

	Period from 31 May 04 to 28 May 05	Period from 26 May 03 to 30 May 04
	£	£
Capital redemption reserve	<u>678,430</u>	<u>678,430</u>

### 24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	28 May 05	30 May 04
	£	£
Loss for the financial period	(1,139,578)	(849,153)
Opening shareholders' equity deficit	(2,464,484)	(1,615,331)
Closing shareholders' equity deficit	<u>(3,604,062)</u>	<u>(2,464,484)</u>



# HAKKASAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### PERIOD FROM 31 MAY 2004 TO 28 MAY 2005

#### 25. NOTES TO THE STATEMENT OF CASH FLOWS

##### RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Period from 31 May 04 to 28 May 05 £	Period from 26 May 03 to 30 May 04 £
Operating loss	(809,575)	(151,384)
Amortisation	384	—
Depreciation	1,220,794	851,321
Loss on disposal of fixed assets	—	27,280
Increase in stocks	(150,902)	(119,885)
Decrease/(increase) in debtors	120,944	(501,430)
Increase in creditors	448,168	1,122,872
Increase in provisions	271,522	—
Net cash inflow from operating activities	<u>1,101,335</u>	<u>1,228,774</u>

##### RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	Period from 31 May 04 to 28 May 05 £	Period from 26 May 03 to 30 May 04 £
Interest received	1,481	2,471
Interest paid	(317,257)	(116,225)
Interest element of hire purchase	<u>(24,878)</u>	<u>(14,526)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(340,654)</u>	<u>(128,280)</u>

##### TAXATION

	Period from 31 May 04 to 28 May 05 £	Period from 26 May 03 to 30 May 04 £
TAXATION	<u>(736)</u>	<u>—</u>

##### CAPITAL EXPENDITURE

	Period from 31 May 04 to 28 May 05 £	Period from 26 May 03 to 30 May 04 £
Payments to acquire intangible fixed assets	(15,129)	—
Payments to acquire tangible fixed assets	(230,630)	(4,301,118)
Receipts from sale of fixed assets	—	1
Net cash outflow from capital expenditure	<u>(245,759)</u>	<u>(4,301,117)</u>

# HAKKASAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 31 MAY 2004 TO 28 MAY 2005

### 25. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

#### FINANCING

	Period from 31 May 04 to 28 May 05 £	Period from 26 May 03 to 30 May 04 £
(Repayment of)/increase in bank loans	(177,780)	2,422,222
Capital element of hire purchase	(263,778)	647,296
Net outflow from other long-term creditors	(1)	(305,728)
<b>Net cash (outflow)/inflow from financing</b>	<b>(441,559)</b>	<b>2,763,790</b>

#### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	28 May 05 £	30 May 04 £
Increase/(decrease) in cash in the period	72,627	(436,833)
Net cash outflow from/(inflow) from bank loans	177,780	(2,422,222)
Cash outflow in respect of hire purchase	263,778	(647,296)
Net cash outflow from other long-term creditors	1	305,728
	<u>514,186</u>	<u>(3,200,623)</u>
Change in net debt	514,186	(3,200,623)
Net debt at 31 May 2004	(7,233,213)	(4,032,590)
Net debt at 28 May 2005	<u>(6,719,027)</u>	<u>(7,233,213)</u>

#### ANALYSIS OF CHANGES IN NET DEBT

	At 31 May 2004 £	Cash flows £	At 28 May 2005 £
Net cash:			
Cash in hand and at bank	208,381	(9,732)	198,649
Overdrafts	(699,394)	82,359	(617,035)
	<u>(491,013)</u>	<u>72,627</u>	<u>(418,386)</u>
Debt:			
Debt due within 1 year	(311,115)	(222,225)	(533,340)
Debt due after 1 year	(5,720,615)	400,006	(5,320,609)
Hire purchase agreements	(710,470)	263,778	(446,692)
	<u>(6,742,200)</u>	<u>441,559</u>	<u>(6,300,641)</u>
<b>Net debt</b>	<b>(7,233,213)</b>	<b>514,186</b>	<b>(6,719,027)</b>