

**Company Registration No. 3488606**

**Hakkasan Limited**  
**Report and Financial Statements**  
**31 May 2008**

THURSDAY



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27/08/2009  
COMPANIES HOUSE

# **Hakkasan Limited**

## **Report and financial statements 2008**

### **Contents**

	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>5</b>
<b>Independent auditors' report</b>	<b>6</b>
<b>Profit and loss account</b>	<b>8</b>
<b>Balance sheet</b>	<b>9</b>
<b>Cash flow statement</b>	<b>10</b>
<b>Notes to the financial statements</b>	<b>11</b>

# **Hakkasan Limited**

## **Officers and professional advisers**

### **Directors**

K Al-Qubaisi  
D J Forbes

### **Secretary**

L Y T Yau

### **Registered Office**

4<sup>th</sup> Floor  
151 Wardour Street  
London  
W1F 8WE

### **Bankers**

HSBC plc  
19 St George Street  
London  
W1R 0ES

### **Auditors**

Deloitte LLP  
London

### **Solicitors**

SJ Berwin LLP  
10 Queen Street Place  
London  
EC4R 1BE

# Hakkasan Limited

## Directors' report

The directors present their annual report and the audited financial statements for the 52 weeks ended 31 May 2008.

### Principal activities and business review

The principal activities of the company during the period were the operation of two restaurants and the development of restaurants under management contracts and franchise agreements.

The directors are disappointed with the loss made in the period. The directors are pleased with progress made in the development of the financial performance of the restaurants and are confident of their future growth.

Tasameem Real Estate Company LLC acquired 90% of the issued share capital of the company in December 2007. Bank borrowings and shareholder loans outstanding at 2 June 2007 referred to in notes 15 and 16 to the financial statements were repaid in full as part of the acquisition from a capital contribution of £6,622,785.

Turnover, percentage increase in turnover, and gross margin (defined as gross profit divided by turnover expressed as a percentage) are the key measures of the financial performance in the company, and are as follows:

	31 May 2008 £'000	2 June 2007 £'000
Turnover	16,587	15,489
Increase in turnover	7.1%	7.4%
Gross margin	34.8%	35.1%

### Results and dividends

The loss for the period amounted to £2,368,626 (2007: £213,027). The directors have not recommended the payment of a dividend (2007: £nil).

### Financial risk management objectives and policies

The company's principal financial instruments comprise bank balances, bank overdrafts, trade creditors, loans and finance lease agreements. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations.

The company manages the risk presented by fluctuations in bank interest by entering into interest rate swap agreements with financial institutions.

In respect of bank balances the liquidity risks are managed by maintaining a balance between the continuity of funding and flexibility through use of loans from banks and funding from shareholders. The company makes use of money market facilities where funds are available. The company is a lessee in respect of finance lease assets. The company manages its liquidity risk by ensuring there are sufficient funds to meet its payments including from shareholder's support.

### Going concern

During the period the company made an operating loss of £1,899,616 (2007: profit of £273,857). The balance sheet showed net current liabilities of £1,490,740 (2007: £5,095,437) and has moved from an overall net liability position in 2007 to a net asset position in 2008 of £226,054 (2007: (£4,028,105)) as a result of a capital contribution made by the new majority shareholder, Tasameem Real Estate Company LLC ("Tasameem"). Subsequent to the year-end, the company has received £6.3 million of additional funding, in the form of loans from Tasameem to provide operational finance and allow the company to continue with the £12.1 million development of a new site in Bruton Street, London demonstrating the shareholder's continued commitment to the company.

The directors have prepared cash flow forecasts indicating the company's expected cash flow requirements for the next 12 months indicating that the company will be reliant on the provision of continuing financial support from Tasameem, to fund its operations and development plans. Tasameem has committed to continue to provide financial support for at least 12 months from the date of the approval of the company's financial statements.

# **Hakkasan Limited**

## **Directors' report (continued)**

### **Going concern (continued)**

The latest signed financial statements of Tasameem indicates that it, in turn, is dependent upon receiving the continuing financial support from its shareholders to continue as a going concern and meet its obligations in the normal course of business. Should this support be withdrawn, Tasameem may not be able to continue its support for the company.

The directors have considered the situation and have concluded that they have a reasonable expectation that the company will have access to adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the annual report and financial statements.

However, given the above, there is a material uncertainty which may cast significant doubt as to the company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would be required in the event that the company ceased to be a going concern.

### **Subsequent events**

On 9 June 2008, the company acquired an operating lease with an initial annual rent of £650,000 for a property situated at 50 Berkeley Street, London. The lease was acquired with a lease term of 25 years. The company is currently reviewing available options for this site.

Subsequent to the year-end, the company has received £6.3 million of additional funding, in the form of loans from Tasameem to provide operational finance and allow the company to continue with the £12.1 million development of a new site in Bruton Street, London.

### **Directors**

The directors who served the company during the period, except where stated, were as follows:

A T Yau (resigned 23 July 2009)

S Wasif (resigned on 22 January 2008)

B S Thind (resigned on 22 January 2008)

N J Erentok Yau (appointed on 28 June 2006 and resigned on 29 August 2007)

K Al-Qubaisi (appointed 31 December 2007)

G Harris (appointed 31 December 2007 and resigned 21 January 2009)

D J Forbes (appointed 21 January 2009)

### **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.

### **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.

# Hakkasan Limited

## Directors' report (continued)

### Auditors

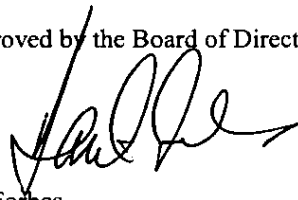
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

On 1 December 2008, Deloitte & Touche LLP changed its name to Deloitte LLP.

Approved by the Board of Directors and signed on behalf of the Board



D J Forbes  
Director

20 August 2009

# **Hakkasan Limited**

## **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statement on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

## **Independent auditors' report to the members of Hakkasan Limited**

We have audited the financial statements of Hakkasan Limited for the period ended 31 May 2008 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 27. These financial statements have been prepared under the accounting policies set out therein.

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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion, the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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.



## **Independent auditors' report to the members of Hakkasan Limited (continued)**

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 May 2008 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

### ***Emphasis of matter – Going concern***

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. Note 1 to the financial statements describes the fact that the company's ability to continue as a going concern is dependent on continuing financial support from its shareholder, Tasameem Real Estate Company LLC ("Tasameem"), and that Tasameem is, in turn, dependent upon receiving continuing financial support from its shareholders.

These conditions, along with other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

*Deloitte LLP*

**Deloitte LLP**  
Chartered Accountants and Registered Auditors  
London, United Kingdom

**25** August 2009

# Hakkasan Limited

## Profit and loss account

Period from 3 June 2007 to 31 May 2008

	Notes	Period from 3 June 2007 to 31 May 2008 £	Period from 1 June 2006 to 2 June 2007 £
Turnover	2	16,587,262	15,489,483
Cost of sales		(10,822,978)	(10,052,732)
<b>Gross profit</b>		<u>5,764,284</u>	<u>5,436,751</u>
Administrative expenses - other		(6,955,467)	(5,877,697)
Administrative expenses – exceptional item	3	(1,500,000)	-
Other operating income	4	<u>791,567</u>	<u>714,803</u>
<b>Operating (loss) / profit</b>		<u>(1,899,616)</u>	<u>273,857</u>
Interest receivable		25,932	3,253
Interest payable and similar charges	8	<u>(201,784)</u>	<u>(305,765)</u>
<b>Loss on ordinary activities before taxation</b>	5	<u>(2,075,468)</u>	<u>(28,655)</u>
Tax on loss on ordinary activities	9	<u>(293,158)</u>	<u>(184,372)</u>
<b>Loss for the financial year</b>		<u>(2,368,626)</u>	<u>(213,027)</u>
<b>Balance brought forward</b>		<u>(4,806,535)</u>	<u>(4,593,508)</u>
<b>Balance carried forward</b>		<u><u>(7,175,161)</u></u>	<u><u>(4,806,535)</u></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, and accordingly no separate statement of total recognised gains and losses is presented.

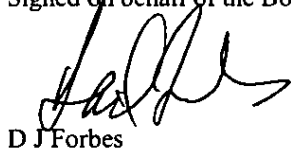
# Hakkasan Limited

## Balance sheet 31 May 2008

	Notes	31 May 2008 £	2 June 2007 £
<b>Fixed assets</b>			
Intangible assets	10	38,528	43,820
Tangible assets	11	<u>3,178,266</u>	<u>4,086,780</u>
		3,216,794	4,130,600
<b>Current assets</b>			
Stocks	12	554,479	574,020
Debtors due within one year	13	859,103	1,351,584
Debtors due after one year	13	562,601	318,695
Cash at bank and in hand		<u>4,670</u>	<u>5,566</u>
		1,980,853	2,249,865
<b>Creditors: amounts falling due within one year</b>	15	<u>(3,471,593)</u>	<u>(7,345,302)</u>
<b>Net current liabilities</b>		<u>(1,490,740)</u>	<u>(5,095,437)</u>
<b>Total assets less current liabilities</b>		1,726,054	(964,837)
<b>Creditors: amounts falling due after more than one year</b>	16	-	(3,063,268)
<b>Provision for liability</b>	17	<u>(1,500,000)</u>	<u>-</u>
<b>Net assets / (liabilities)</b>		<u>226,054</u>	<u>(4,028,105)</u>
<b>Capital and reserves</b>			
Share capital	21	100,000	100,000
Other reserves	22	7,301,215	678,430
Profit and loss account		<u>(7,175,161)</u>	<u>(4,806,535)</u>
<b>Shareholders' equity / (deficit)</b>	23	<u>226,054</u>	<u>(4,028,105)</u>

These financial statements were approved by the Board of Directors on 20 August 2009.

Signed on behalf of the Board of Directors



D J Forbes

Director

## Hakkasan Limited

### Cash flow statement

Period from 3 June 2007 to 31 May 2008

		Period from 3 June 2007 to 31 May 2008 £	Period from 1 June 2006 to 2 June 2007 £
	Note		
Net cash inflow from operating activities	24	145,057	562,514
Returns on investments and servicing of finance	24	(175,852)	(302,512)
Capital expenditure and financial investment	24	(273,888)	(891,392)
Cash outflow before financing		(304,683)	(631,390)
Financing	24	278,325	801,706
(Decrease) / increase in cash	24	(26,358)	170,316

# **Hakkasan Limited**

## **Notes to the financial statements**

### **Period from 3 June 2007 to 31 May 2008**

#### **1. Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and the preceding period.

##### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

##### **Going concern**

During the period the company made an operating loss of £1,899,616 (2007: profit of £273,857). The balance sheet showed net current liabilities of £1,490,740 (2007: £5,095,437) and has moved from a net liability position in 2007 to a net asset position in 2008 of £226,054 (2007: (£4,028,105)) as a result of a capital contribution made by the new majority shareholder, Tasameem Real Estate Company LLC ("Tasameem"). Subsequent to the year-end, the company has received £6.3 million of additional funding, in the form of loans from Tasameem to provide operational finance and allow the company to continue with the £12.1 million development of a new site in Bruton Street, London demonstrating the shareholder's continued commitment to the company.

The directors have prepared cash flow forecasts indicating the company's expected cash flow requirements for the next 12 months indicating that the company will be reliant on the provision of continuing financial support from Tasameem, to fund its operations and development plans. Tasameem has committed to continue to provide financial support for at least 12 months from the date of the approval of the company's financial statements.

The latest signed financial statements of Tasameem indicates that it, in turn, is dependent upon receiving the continuing financial support from its shareholders to continue as a going concern and meet its obligations in the normal course of business. Should this support be withdrawn, Tasameem may not be able to continue its support for the company.

The directors have considered the situation and have concluded that they have a reasonable expectation that the company will have access to adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the annual report and financial statements.

However, given the above, there is a material uncertainty which may cast significant doubt as to the company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would be required in the event that the company ceased to be a going concern.

##### **Turnover**

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

##### **Other operating income**

Initial management and technical assistance fees are recognised over the period from the date of signing the contract to the expected opening date of the restaurant. Income invoiced in advance is carried forward in the Balance Sheet under deferred income and is offset by the revenue recorded as the management fee income is recognised.

Royalty fee income is recognised on an accruals basis, as a percentage of turnover reported by the restaurant.

##### **Intangible assets – patents and trademarks**

Intangible assets include patents and trademarks and the costs of obtaining management and franchise agreements and are included at cost and depreciated in equal instalment over a period of ten years which is their estimated useful life economic life. Provision is made for any impairment.

# Hakkasan Limited

## Notes to the financial statements (continued)

Period from 3 June 2007 to 31 May 2008

### 1. Accounting policies (continued)

#### Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

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
Leasehold improvements	-	10% straight line on cost or straight line over the period of the lease if shorter
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.

#### 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 even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term or to the first rent review date on which the rent payable will be adjusted to the prevailing market rate, whichever is the shorter period.

#### Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 average 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 (continued)

Period from 3 June 2007 to 31 May 2008

### 1. Accounting policies (continued)

#### Derivative financial instruments

The company uses derivative financial instruments to reduce exposure to interest rate movements. The company does not hold or issue derivative financial instruments for speculative purposes. The derivative financial instrument is used to fix the interest rate at a proportion of the company bank indebtedness. Interest differentials are accounted for quarterly and recognised in the profit and loss account.

#### Foreign currency

Transactions in foreign currencies are recorded at the exchange rate at the date of the transaction. Franchise income denominated in foreign currency is converted using the average rates of exchange during the accounting period. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange gains and losses are included in the profit and loss account.

### 2. Turnover

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

### 3. Exceptional item

The company continues to be in protracted negotiations with HM Revenue & Customs in regard to their claim that the company's Tronc system for the allocation of customer gratuities to staff has not been administered in a way that would have avoided any liability for the company to pay national insurance contributions on amounts distributed. The HM Revenue and Customs contends that an amount up to £1.8m (excluding interest and penalties) could be payable in respect of this and other payroll matters, although no official tax assessments have been received by the company. The company disputes these claims and the amount due. The directors recognise the existence of a liability in respect of these matters and although accurately estimating the final settlement amount is extremely difficult, have made a provision of £1.5m in these accounts but consider a settlement at a lower amount maybe achievable.

### 4. Other operating income

	Period from 3 June 2007 to 31 May 2008 £	Period from 1 June 2006 to 2 June 2007 £
Franchise and technical assistance fees	306,714	262,019
Management fees	457,883	391,177
Royalty fees	26,970	-
Other income	-	61,607
	<u>791,567</u>	<u>714,803</u>

# Hakkasan Limited

## Notes to the financial statements (continued) Period from 3 June 2007 to 31 May 2008

### 5. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	Period from 3 June 2007 to 31 May 2008 £	Period from 1 June 2006 to 2 June 2007 £
Amortisation of patents and trademarks	5,292	5,284
Depreciation of tangible fixed assets		
- owned	1,152,796	1,151,170
- held under hire purchase agreements	29,606	19,356
Auditors' remuneration for the audit of the company's financial statements		
- audit fees	30,000	27,591
- tax and other services	40,874	-
Operating lease costs:		
- plant and equipment	9,089	3,733
- other	690,894	587,778

### 6. Staff costs

The average number of staff (including executive director) employed by the company during the financial period amounted to:

	Period from 3 June 2007 to 31 May 2008 No.	Period from 1 June 2006 to 2 June 2007 No.
Management staff	6	6
All other functions	344	328
	350	334

The aggregate payroll costs of the above were:

	Period from 3 June 2007 to 31 May 2008 £	Period from 1 June 2006 to 2 June 2007 £
Wages and salaries	5,767,652	5,058,378
Social security costs	532,595	463,223
	6,300,247	5,521,601



# Hakkasan Limited

## Notes to the financial statements (continued) Period from 3 June 2007 to 31 May 2008

### 7. Directors' emoluments

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

	Period from 3 June 2007 to 31 May 2008 £	Period from 1 June 2006 to 2 June 2007 £
Emoluments receivable	235,978	36,000
<b>Highest paid director Aggregate emoluments</b>	<b>234,620</b>	<b>-</b>

### 8. Interest payable and similar charges

	Period from 3 June 2007 to 31 May 2008 £	Period from 1 June 2006 to 2 June 2007 £
Interest payable on bank borrowing	147,203	139,776
Finance charges on lease	12,851	19,584
Interest on other loans	41,730	146,405
	<b>201,784</b>	<b>305,765</b>

# Hakkasan Limited

## Notes to the financial statements (continued) Period from 3 June 2007 to 31 May 2008

### 9. Tax on loss on ordinary activities

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

	Period from 3 June 2007 to 31 May 2008 £	Period from 1 June 2006 to 2 June 2007 £
Current tax:		
UK Corporation tax based on the results for the period at 29.67% (2007: 20%)	-	623
Total current tax	-	623
Deferred tax:		
Origination and reversal of timing differences	413,997	183,749
Adjustment in respect of previous periods	(125,491)	-
Effect of changes in tax rates	4,652	-
Tax on loss on ordinary activities	<u>293,158</u>	<u>184,372</u>

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

The tax assessed on the loss on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 29.67% (2007 - 20%)

	Period from 3 June 2007 to 31 May 2008 £	Period from 1 June 2006 to 2 June 2007 £
Loss on ordinary activities before taxation	<u>(2,075,468)</u>	<u>(28,655)</u>
Tax on loss at standard UK tax rate of 29.67% (2007: 20.00%)	(615,791)	(5,731)
Expenses not deductible for tax purposes	392,838	128,881
Capital allowances for period in excess of depreciation	81,890	163,006
Utilisation of losses brought forward	141,063	(285,505)
Marginal rate relief	-	-
Change in tax rate	-	(28)
Total current tax (note 9(a) )	<u>-</u>	<u>623</u>

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

There may be changes to the standard and small company's corporation tax rates.

# Hakkasan Limited

## Notes to the financial statements (continued) Period from 3 June 2007 to 31 May 2008

### 10. Intangible fixed assets

	Patents and Trademarks £
<b>Cost</b>	
At 2 June 2007 and 31 May 2008	52,845
	<u>52,845</u>
<b>Accumulated depreciation</b>	
At 2 June 2007	9,025
Charge for the period	5,292
	<u>14,317</u>
<b>Net book value</b>	
At 31 May 2008	<u>38,528</u>
At 2 June 2007	<u>43,820</u>

### 11. Tangible fixed assets

	Leasehold property £	Plant and machinery £	Fixtures, fittings, tools and equipment £	Computer and office equipment £	Total £
<b>Cost</b>					
At 2 June 2007	4,419,820	2,164,754	2,478,512	454,624	9,517,710
Additions	-	59,432	134,892	79,564	273,888
	<u>4,419,820</u>	<u>2,224,186</u>	<u>2,613,404</u>	<u>534,188</u>	<u>9,791,598</u>
<b>Accumulated depreciation</b>					
At 2 June 2007	1,715,309	1,648,269	1,733,985	333,367	5,430,930
Charge for the period	404,034	327,654	383,539	67,175	1,182,402
	<u>2,119,343</u>	<u>1,975,923</u>	<u>2,117,524</u>	<u>400,542</u>	<u>6,613,332</u>
<b>Net book value</b>					
At 31 May 2008	<u>2,300,477</u>	<u>248,263</u>	<u>495,880</u>	<u>133,646</u>	<u>3,178,266</u>
At 2 June 2007	<u>2,704,511</u>	<u>516,485</u>	<u>744,527</u>	<u>121,257</u>	<u>4,086,780</u>

#### Hire purchase agreements

Included within the net book value of plant and machinery, fixtures and fittings and office equipment is £nil (2007: £254,865) 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 £29,606 (2007: £19,356).

# Hakkasan Limited

## Notes to the financial statements (continued) Period from 3 June 2007 to 31 May 2008

### 12. Stocks

	31 May 2008 £	2 June 2007 £
Goods for resale	<u>554,479</u>	<u>574,020</u>

### 13. Debtors

	31 May 2008 £	2 June 2007 £
Trade debtors	428,163	378,835
Other debtors	567,649	629,809
Prepayments and accrued income	425,892	368,477
Deferred taxation (note 14)	-	293,158
	<u>1,421,704</u>	<u>1,670,279</u>

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

	31 May 2008 £	2 June 2007 £
Other debtors	<u>562,601</u>	<u>318,695</u>
	<u>562,601</u>	<u>318,695</u>

Included in other debtors after more than one year are rent deposits totalling £562,601 (2007: £318,695) held jointly to the order of the company and the respective landlords under the terms of the lease. £227,242 (2007: £220,312) is held subject to the future signing of the lease.

### 14. Deferred taxation

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

	Period from 3 June 2007 to 31 May 2008 £	Period from 1 June 2006 to 2 June 2007 £
Included in debtors (note 13)	<u>-</u>	<u>293,158</u>

# Hakkasan Limited

## Notes to the financial statements (continued) Period from 3 June 2007 to 31 May 2008

### 14. Deferred taxation (continued)

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

	Period from 3 June 2007 to 31 May 2008 £	Period from 1 June 2006 to 2 June 2007 £
Balance brought forward	293,158	476,907
Profit and loss account movement arising during the period	(293,158)	(183,749)
Balance carried forward	-	293,158

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

Excess of taxation allowances over depreciation on fixed assets	-	(13,367)
Tax losses available	-	306,525
	-	293,158

The deferred tax asset unprovided in the accounts amounts to £601,167 and comprises £496,278 in tax losses available and depreciation in excess of capital allowances of £104,889.

### 15. Creditors: amounts falling due within one year

	31 May 2008 £	2 June 2007 £
Bank loans and overdrafts	349,400	3,563,441
Trade creditors	1,795,960	2,064,670
Corporation tax	-	623
Other taxation and social security	405,643	586,919
Hire purchase agreements	-	41,692
Other creditors	95,363	519,850
Accruals and deferred income	825,227	568,107
	3,471,593	7,345,302

The following liabilities disclosed under creditors falling due within one year are secured on leasehold properties:

	31 May 2008 £	2 June 2007 £
Bank loans and overdrafts	-	3,239,500

# Hakkasan Limited

## Notes to the financial statements (continued) Period from 3 June 2007 to 31 May 2008

### 15. Creditors: amounts falling due within one year (continued)

The bank loan is secured by means of a fixed and floating charge over the company's assets including a legal charge over the property. The bank overdraft is unsecured. The balance as at 31 May 2008 only includes bank overdraft.

### 16. Creditors: amounts falling due after more than one year

	31 May 2008 £	2 June 2007 £
Hire purchase agreements	-	231,540
Other creditors	-	2,831,728
	<u>-</u>	<u>3,063,268</u>

Other creditors include loan notes issued to shareholders amounting to £nil (2007: £2,331,729).

### 17. Provision for liability

	£
At 2 June 2007	-
Charged to profit and loss account (see note 3)	<u>1,500,000</u>
At 31 May 2008	<u>1,500,000</u>

Details of the above provision are described in note 3 to the financial statements.

### 18. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	31 May 2008 £	2 June 2007 £
Amounts payable within one year	-	41,692
Amounts payable between one and two years	-	231,540
	<u>-</u>	<u>273,232</u>

## Hakkasan Limited

### Notes to the financial statements (continued)

#### Period from 3 June 2007 to 31 May 2008

#### 19. Commitments under operating leases

At 2 June 2007 and 31 May 2008 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	31 May	2 June
	2008	2007
	£	£
Operating leases which expire:		
After more than 5 years	573,165	338,750

#### 20. Related party transactions

The following companies and individuals are related parties to the company:

S Wasif and B Thind were directors of Hakkasan Ltd during the year and Cottergreen Ltd and CG Management Services Ltd. They are also shareholders of Cottergreen Ltd and CG Management Services Ltd.

A T Yau, is a director of Hakkasan Ltd, and N J Erentok Yau, who was a director of Hakkasan Ltd during the year, are also within a class of beneficiary of the Trust that ultimately owns the shares in Yolana Ltd.

Pleasurerealm Ltd is a 100% owned subsidiary of Yolana Ltd.

A.T Yau is also a director of Busaba Eathai Ltd, Cha Cha Moon Ltd and Cha Cha No Hana Ltd.

Included in creditors falling due after one year are loan notes totalling £nil (2007: £1,165,865) due to Cottergreen Ltd. Included in creditors falling due within one year is an amount of £nil (2007: £100,000) due to Cottergreen Ltd. In the period under review Cottergreen Ltd charged management fees of £58,333 (£2007: £75,000) to the company, at the balance sheet date £nil (2007:£48,598) remained unpaid and is included in creditors falling due within one year.

Included in creditors falling due within one year is an amount of £4,896 (2007: £nil) due to CG Management Services Ltd. In the period under review CG Management Services Ltd charged management fees of £20,833 (£2007: £nil) to the company.

Included in creditors falling due within one year is £14,141 (2007: £2,218) owing to Busaba Eathai Ltd and included in debtors is £74,432 (2007:£88,807) due from Busaba Eathai Ltd. During the period Hakkasan Ltd management fee revenue from Busaba Eathai Ltd totalled £355,260 (2007: £355,259).

Included in debtors falling due within one year is £51,821 (2007: £nil) due from Cha Cha Moon Ltd, and £22,633 (2007: £nil) due from Cha Cha No Hana Ltd. During the period Hakkasan Ltd management fee revenue from Cha Cha Moon Ltd and Cha Cha No Hana Ltd totalled £85,000 (2007: £nil) and £37,000 (2007: £nil) respectively.

Included in creditors falling due within one year is a loan bearing interest of 6% from Pleasurerealm Limited totalling £nil (2007: £100,631) and an amount of £143,812 (2007: £91,931) of management fees unpaid at the balance sheet date and an accrual of £nil (2007: £38,632) for management fees due but not yet invoiced by Pleasurerealm Limited. Pleasurerealm Ltd management fees to Hakkasan Ltd for the period totalled £nil (2007: £164,947). Included in other debtors is an amount of £26,792 (2007: £43,649) for costs incurred by Hakkasan Ltd recharged to Pleasurerealm Ltd.

# Hakkasan Limited

## Notes to the financial statements (continued) Period from 3 June 2007 to 31 May 2008

### 21. Called up share capital

	31 May 2008 £	2 June 2007 £
<b>Authorised:</b>		
37,910 'A' ordinary shares of £1 each	-	37,910
62,090 'B' ordinary shares of £1 each	-	62,090
100,000 ordinary shares of £1 each	100,000	-
678,430 deferred shares of £1 each		678,430
678,430 unclassified shares of £1 each	678,430	-
	<u>778,430</u>	<u>778,430</u>
<b>Called up, allotted and fully paid</b>		
37,910 'A' ordinary shares of £1 each	-	37,910
62,090 'B' ordinary shares of £1 each	-	62,090
100,000 ordinary shares of £1 each	100,000	-
	<u>100,000</u>	<u>100,000</u>

At the time that Tasameem Real Estate Co. LLC purchased 90% of Hakkasan Ltd, the company converted 37,910 'A' ordinary shares and 62,090 'B' ordinary shares into 100,000 ordinary shares and 678,430 deferred shares were redesignated as 678,430 unclassified shares. The 'A' and 'B' ordinary share classes rank pari passu in every respect.

### 22. Other reserves

	31 May 2008 £	2 June 2007 £
Capital redemption reserve	678,430	678,430
Capital contribution reserve	6,622,785	-
	<u>7,301,215</u>	<u>678,430</u>

The capital contribution reserve arose when Tasameem Real Estate Co. LLC purchased 90% of the shares in Hakkasan Ltd, in December 2007 and made a non refundable capital contribution to the company.

### 23. Reconciliation of movements in shareholders' surplus / (deficit)

	Period from 3 June 2007 to 31 May 2008 £	Period from 1 June 2006 to 2 June 2007 £
Loss for the financial period	(2,368,626)	(213,027)
Increase in capital contribution reserve	6,622,785	-
Opening shareholders' deficit	(4,028,105)	(3,815,078)
Closing shareholders' surplus / (deficit)	<u>226,054</u>	<u>(4,028,105)</u>



# Hakkasan Limited

## Notes to the financial statements (continued) Period from 3 June 2007 to 31 May 2008

### 24. Notes to the cash flow statement

#### Reconciliation of operating (loss) / profit to net cash inflow from operating activities

	Period from 3 June 2007 to 31 May 2008 £	Period from 1 June 2006 to 2 June 2007 £
Operating (loss) / profit	(1,899,616)	273,857
Amortisation	5,292	5,284
Depreciation	1,182,402	1,170,526
Decrease / (Increase) in stocks	19,541	(121,394)
Increase in debtors	(49,328)	(510,608)
Decrease in other debtors	4,745	-
Decrease in creditors	(449,986)	(256,727)
(Decrease)/Increase in other creditors	(167,993)	1,576
Increase in provision for liability	1,500,000	-
Net cash inflow from operating activities	<u>145,057</u>	<u>562,514</u>

#### Returns on investments and servicing of finance

	Period from 3 June 2007 to 31 May 2008 £	Period from 1 June 2006 to 2 June 2007 £
Interest received	25,932	3,253
Interest paid	(188,933)	(286,181)
Interest element of hire purchase	(12,851)	(19,584)
Net cash outflow from returns on investments and servicing of finance	<u>(175,852)</u>	<u>(302,512)</u>

#### Capital expenditure

	Period from 3 June 2007 to 31 May 2008 £	Period from 1 June 2006 to 2 June 2007 £
Payments to acquire tangible fixed assets	<u>(273,888)</u>	<u>(891,392)</u>
Net cash outflow from capital expenditure	<u>(273,888)</u>	<u>(891,392)</u>

# Hakkasan Limited

## Notes to the financial statements (continued) Period from 3 June 2007 to 31 May 2008

### 24. Notes to the cash flow statement (continued)

#### Financing

	Period from 3 June 2007 to 31 May 2008 £	Period from 1 June 2006 to 2 June 2007 £
New secured loan	-	3,500,000
Repayment of new secured loan	(3,239,500)	(260,500)
Repayment in full of old secured loan	-	(1,955,540)
Repayment of old secured loan	-	(533,340)
Capital element of finance lease rental payments	-	(200,040)
Hire purchase liability (repayment)/borrowed	(273,232)	273,232
Net outflow from other long-term creditors	(2,831,728)	(22,106)
Net inflow from capital reserve	6,622,785	-
Net cash inflow from financing	<u>278,325</u>	<u>801,706</u>

#### Reconciliation of net cash flow to movement in net debt

	31 May 2008 £	2 June 2007 £
(Decrease)/increase in cash in the period	(26,358)	170,316
Net cash outflow/(inflow) from bank loans	3,239,500	(750,620)
Cash outflow/(inflow) in respect of hire purchase	273,232	(73,192)
Net cash outflow from other long-term creditors	<u>2,831,730</u>	<u>22,106</u>
	6,318,104	(631,390)
Change in net debt	6,318,104	(631,390)
Net debt at 2 June 2007	<u>(6,662,834)</u>	<u>(6,031,444)</u>
Net debt at 31 May 2008	<u>(344,730)</u>	<u>(6,662,834)</u>

# Hakkasan Limited

## Notes to the financial statements (continued) Period from 3 June 2007 to 31 May 2008

### 24. Notes to the cash flow statement (continued)

#### Analysis of changes in net debt

	2 June 2007 £	Cash flows £	31 May 2008 £
Net cash:			
Cash in hand and at bank	5,566	(896)	4,670
Overdrafts	(323,938)	(25,462)	(349,400)
	<u>(318,372)</u>	<u>(26,358)</u>	<u>(344,730)</u>
Debt:			
Debt due within one year	(3,239,500)	3,239,500	-
Hire purchase agreements	(41,692)	41,692	-
Debt due after one year			
Other creditors	(2,831,730)	2,831,730	-
Hire purchase agreements	(231,540)	231,540	-
	<u>(6,344,462)</u>	<u>6,344,462</u>	<u>-</u>
Net debt	<u>(6,662,834)</u>	<u>6,318,104</u>	<u>(344,730)</u>

### 25. Derivatives not included at fair value

The company has derivatives which are not included at fair value in the financial statements:

	Principal £	Fair Value 31 May 2007 £	2 June 2007 £
Interest rate swap contracts	<u>937,500</u>	<u>6,419</u>	<u>13,459</u>

The company uses derivatives to hedge its exposures to fluctuations in interest rates.

The interest rate swap contract with an initial principal amount of £1,000,000 amortising to £312,500 on 21 December 2009 has fixed interest payments at 5.25% for periods up to until 2009 and has floating interest receipts at LIBOR.

### 26. Controlling Party

On 27 December 2007 Tasameem Real Estate Company LLC became the company's ultimate parent company as a result of acquiring 90 per cent of the issued share capital of the company.

## **Hakkasan Limited**

### **Notes to the financial statements (continued)**

**Period from 3 June 2007 to 31 May 2008**

**27. Post balance sheet events**

On 9 June 2008, the company acquired an operating lease with an initial annual rent of £650,000 for a property situated at 50 Berkeley Street, London. The lease was acquired with a lease term of 25 years. The company is currently reviewing available options for this site.

Subsequent to the year-end, the company has received £6.3 million of additional funding, in the form of loans from Tasameem to provide operational finance and allow the company to continue with the £12.1 million development of a new site in Bruton Street, London.