

**HAKKASAN LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED**  
**30th MAY 2004**

**Company Registration Number 3488606**

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



# **HAKKASAN LIMITED**

## **FINANCIAL STATEMENTS**

**PERIOD FROM 26th MAY 2003 TO 30th MAY 2004**

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

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**The board of directors**

A T Yau  
S Dattani  
S Wasif  
B S Thind

**Company secretary**

L Y T Yau

**Registered office**

6th Floor  
16-19 Gresse Street  
London  
W1T 1QL

**Auditors**

Brebner Allen & Trapp  
Chartered Accountants  
& Registered Auditors  
The Quadrangle  
180 Wardour Street  
London  
W1F 8LB

**Bankers**

HSBC  
19 St George Street  
London  
W1R 0ES

## **HAKKASAN LIMITED**

### **THE DIRECTORS' REPORT**

**PERIOD FROM 26th MAY 2003 TO 30th MAY 2004**

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The directors present their report and the financial statements of the company for the period from 26th May 2003 to 30th May 2004.

#### **PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The principal activity of the company during the period was the operation of a restaurant.

##### **Overview**

The Hakkasan business continued to grow, turnover increasing by 31%. The environment in which we operate remains very competitive, however the revenue for the 12 months to May 2004 again exceeded all expectations, aided by the opening of our new restaurant. The directors do not expect to pay a dividend over the next few years as funds are used to build reserves and reinvest in new ventures.

##### **Business Review**

Since opening in February 2001, Hakkasan continues to develop the brand name associated with high quality Chinese dining.

The strength of the business and its maturing status within restaurant circles is reflected with the success of more awards, whilst the coveted Michelin Star has been retained for the third consecutive year, and the new restaurant, Yauatcha, was also awarded a Michelin Star some nine months after the opening. The company is therefore in a unique position of having two restaurants, both of whom enjoy this accolade.

##### **The Year Ahead**

The Board is forecasting a more modest 9% growth for the year ended 2005. The strong presence of Hakkasan as the ultimate luxury dining experience 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.

April 2004 saw the introduction of a new casual dining restaurant with the focus on dim sum. Yauatcha is expected to meet its budgeted turnover in the first year of £4.9m, with anticipated growth approaching 20% for the first two years. This restaurant is viewed as a potential multi-outlet franchise. The site also encompasses a patisserie based on a Chinese Tea House concept, serving both higher end pastries and premium tea from around the world.

Future projects are based around the concept of a Chinese Chow Bar which will target the £10-£12 per head spend range. Chow Bar will be viewed as a low value, high volume business attracting all segments of the market with the view to potentially rolling out a multi-outlet franchise, with the first site being opened at Ganton Street in Central London. The new site will be designed by a top designer and construction is scheduled to begin in April 2005 with an estimated spend of £3.2m, although the Board will only give authority to start when it is satisfied that adequate funds are in place.

## **HAKKASAN LIMITED**

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

**PERIOD FROM 26th MAY 2003 TO 30th MAY 2004**

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#### **Financial Performance**

Financial performance for the year to May 2004 reflects the pre-opening and other revenue costs necessitated by the opening of Yauatcha. Whilst turnover increased from £6,384,263 to £8,394,606, the 2003 operating profit became an operating loss this year of £151,384.

Further exceptional costs of £609,080 have been incurred in respect of the subsidiary Anda UK Limited. The company traded from June 2003 until July 2004 as an Italian restaurant and suffered losses which were funded by the parent. Full provision has been made against the advances in these accounts, and the Board is confident that no further provision will be required. Negotiations to sell the lease and equipment are at an advanced stage, and the Board is confident of a disposal in the near future.

#### **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.

#### **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.

## HAKKASAN LIMITED

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

PERIOD FROM 26th MAY 2003 TO 30th MAY 2004

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#### 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 at the end of the period and of the profit or loss for the period then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 10 to 11, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

#### 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 T Yau  
Director

Approved by the directors on 21st January 2005

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

**PERIOD FROM 26th MAY 2003 TO 30th MAY 2004**

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We have audited the financial statements on pages 7 to 21 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 to 11.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 26th MAY 2003 TO 30th MAY 2004

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### OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30th May 2004 and of its loss for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

*Brebner, Allen & Trapp*

BREBNER ALLEN & TRAPP  
Chartered Accountants  
& Registered Auditors

The Quadrangle  
180 Wardour Street  
London  
W1F 8LB

*4 February 2005.*  
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**HAKKASAN LIMITED**  
**PROFIT AND LOSS ACCOUNT**

**PERIOD FROM 26th MAY 2003 TO 30th MAY 2004**

	Note	Period from 26 May 03 to 30 May 04 £	Period from 1 Jun 02 to 25 May 03 £
<b>TURNOVER</b>	2	8,394,606	6,384,263
Cost of sales		(2,347,641)	(1,691,729)
<b>GROSS PROFIT</b>		<u>6,046,965</u>	<u>4,692,534</u>
Administrative expenses		(6,198,349)	(3,863,380)
<b>OPERATING (LOSS)/PROFIT</b>	3	<u>(151,384)</u>	<u>829,154</u>
Costs arising by reason of termination of subsidiary company's operations		(609,080)	(1,722,450)
		<u>(760,464)</u>	<u>(893,296)</u>
Interest receivable	6	2,471	8,016
Interest payable	7	(130,751)	(68,679)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(888,744)</u>	<u>(953,959)</u>
Tax on loss on ordinary activities	8	39,591	147,416
<b>LOSS FOR THE FINANCIAL PERIOD</b>		<u>(849,153)</u>	<u>(806,543)</u>
Balance brought forward		<u>(2,393,761)</u>	<u>(1,587,218)</u>
Balance carried forward		<u><u>(3,242,914)</u></u>	<u><u>(2,393,761)</u></u>

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

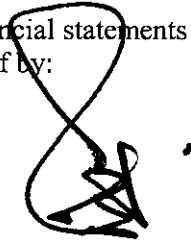
The company has no recognised gains or losses other than the results for the period as set out above.

**HAKKASAN LIMITED****BALANCE SHEET****30th MAY 2004**

	Note	30 May 04 £	£	25 May 03 £	£
<b>FIXED ASSETS</b>					
Tangible assets	9	6,454,371		3,031,855	
Investments	10	<u>2</u>		<u>2</u>	
		6,454,373		3,031,857	
<b>CURRENT ASSETS</b>					
Stocks	11	262,371		142,486	
Debtors	12	1,095,888		961,126	
Cash in hand		<u>5,560</u>		<u>3,381</u>	
		1,363,819		1,106,993	
<b>CREDITORS: Amounts falling due within one year</b>	14	<u>4,098,243</u>		<u>2,005,612</u>	
<b>NET CURRENT LIABILITIES</b>		(2,734,424)		(898,619)	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,719,949		2,133,238	
<b>CREDITORS: Amounts falling due after more than one year</b>	15	6,184,433		3,748,569	
		<u>(2,464,484)</u>		<u>(1,615,331)</u>	
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	19	100,000		100,000	
Other reserves	20	678,430		678,430	
Profit and loss account		(3,242,914)		(2,393,761)	
<b>DEFICIENCY</b>	21	<u>(2,464,484)</u>		<u>(1,615,331)</u>	

These financial statements were approved by the directors on the 21st January 2005 and are signed on their behalf by:

A T YAU



**HAKKASAN LIMITED****CASH FLOW STATEMENT****PERIOD FROM 26th MAY 2003 TO 30th MAY 2004**

	Note	Period from 26 May 03 to 30 May 04 £	£	Period from 1 Jun 02 to 25 May 03 £	£
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	22		1,025,953		169,697
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	22		(128,280)		(60,663)
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	22		(4,301,117)		(406,529)
<b>ACQUISITIONS AND DISPOSALS</b>					
Acquisition of shares in group undertakings		—		(2)	
<b>NET CASH OUTFLOW FROM ACQUISITIONS AND DISPOSALS</b>			—		(2)
<b>CASH OUTFLOW BEFORE FINANCING</b>			(3,403,444)		(297,497)
<b>FINANCING</b>	22		2,763,790		168,770
<b>DECREASE IN CASH</b>	22		<u>(639,654)</u>		<u>(128,727)</u>

The notes on pages 10 to 21 form part of these financial statements.

**HAKKASAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD FROM 26th MAY 2003 TO 30th MAY 2004**

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**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 1st June 2002 to 25th May 2003.

**Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

**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.

**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.

**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.

# HAKKASAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 26th MAY 2003 TO 30th MAY 2004

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

#### 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.

### 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)/PROFIT

Operating (loss)/profit is stated after charging:

	Period from 26 May 03 to 30 May 04 £	Period from 1 Jun 02 to 25 May 03 £
Depreciation of owned fixed assets	793,716	274,452
Depreciation of assets held under finance lease agreements	57,605	79,831
Loss on disposal of fixed assets	27,280	—
Auditors' remuneration		
- as auditors	14,000	14,000
Operating lease costs:		
Land and buildings	417,722	232,308
Plant and equipment	10,585	9,673

**HAKKASAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS****PERIOD FROM 26th MAY 2003 TO 30th MAY 2004****4. PARTICULARS OF EMPLOYEES**

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

	<b>Period from 26 May 03 to 30 May 04</b>	<b>Period from 1 Jun 02 to 25 May 03</b>
	<b>No</b>	<b>No</b>
Number of management staff	6	6
All other functions	<u>161</u>	<u>136</u>
	<u>167</u>	<u>142</u>

The aggregate payroll costs of the above were:

	<b>Period from 26 May 03 to 30 May 04</b>	<b>Period from 1 Jun 02 to 25 May 03</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,595,272	1,732,587
Social security costs	<u>227,830</u>	<u>256,440</u>
	<u>2,823,102</u>	<u>1,989,027</u>

**5. DIRECTORS' EMOLUMENTS**

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

	<b>Period from 26 May 03 to 30 May 04</b>	<b>Period from 1 Jun 02 to 25 May 03</b>
	<b>£</b>	<b>£</b>
Emoluments receivable	<u>63,070</u>	<u>28,266</u>

**6. INTEREST RECEIVABLE**

	<b>Period from 26 May 03 to 30 May 04</b>	<b>Period from 1 Jun 02 to 25 May 03</b>
	<b>£</b>	<b>£</b>
Bank interest receivable	<u>2,471</u>	<u>8,016</u>

**HAKKASAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS****PERIOD FROM 26th MAY 2003 TO 30th MAY 2004****7. INTEREST PAYABLE AND SIMILAR CHARGES**

	Period from 26 May 03 to 30 May 04 £	Period from 1 Jun 02 to 25 May 03 £
Interest payable on bank borrowing	92,892	56,918
Finance charges	14,526	11,761
Other similar charges payable	23,333	—
	<u>130,751</u>	<u>68,679</u>

**8. TAXATION ON ORDINARY ACTIVITIES****(a) Analysis of charge in the period**

	Period from 26 May 03 to 30 May 04 £	Period from 1 Jun 02 to 25 May 03 £
Current tax:		
UK Corporation tax based on the results for the period at 30% (2003 - 30%)	—	736
Total current tax	—	736
Deferred tax:		
Origination and reversal of timing differences	(39,591)	(148,152)
Tax on loss on ordinary activities	(39,591)	(147,416)

**(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% (2003 - 30%).

	Period from 26 May 03 to 30 May 04 £	Period from 1 Jun 02 to 25 May 03 £
Loss on ordinary activities before taxation	(888,744)	(953,959)
Loss on ordinary activities at the standard rate of corporation tax in the UK	(266,623)	(256,188)
Expenses not deductible for tax purposes	193,697	486,770
Capital allowances in excess of depreciation charge	187,634	(102)
Utilisation of losses brought forward	—	(228,279)
Marginal rate relief	—	(1,465)
Current year losses carried forward	(114,708)	—
Total current tax (note 8(a))	—	736

# HAKKASAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 26th MAY 2003 TO 30th MAY 2004

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

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

Tax losses available to be carried forward against future profits total £2,612,414.

### 9. TANGIBLE FIXED ASSETS

	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Office Equipment £	Total £
<b>COST</b>					
At 26 May 2003	2,535,504	590,467	628,294	211,198	3,965,463
Additions	1,225,458	1,514,601	1,346,376	214,683	4,301,118
Disposals	—	—	—	(47,551)	(47,551)
<b>At 30 May 2004</b>	<b>3,760,962</b>	<b>2,105,068</b>	<b>1,974,670</b>	<b>378,330</b>	<b>8,219,030</b>
<b>DEPRECIATION</b>					
At 26 May 2003	388,724	179,380	269,814	95,690	933,608
Charge for the period	285,918	284,986	231,062	49,355	851,321
On disposals	—	—	—	(20,270)	(20,270)
<b>At 30 May 2004</b>	<b>674,642</b>	<b>464,366</b>	<b>500,876</b>	<b>124,775</b>	<b>1,764,659</b>
<b>NET BOOK VALUE</b>					
<b>At 30 May 2004</b>	<b>3,086,320</b>	<b>1,640,702</b>	<b>1,473,794</b>	<b>253,555</b>	<b>6,454,371</b>
At 25 May 2003	2,146,780	411,087	358,480	115,508	3,031,855

#### Finance lease agreements

Included within the net book value of £6,454,371 is £614,251 (2003 - £231,581) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £57,605 (2003 - £79,831).

### 10. INVESTMENTS

	Shares in Group Undertakings £
<b>COST</b>	
At 26th May 2003 and 30th May 2004	<u>2</u>
<b>NET BOOK VALUE</b>	
<b>At 30th May 2004</b>	<u>2</u>
At 25th May 2003	<u>2</u>

**HAKKASAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD FROM 26th MAY 2003 TO 30th MAY 2004**

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**10. INVESTMENTS** *(continued)*

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

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

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

Anda UK Limited ceased trading subsequent to the year end. Hakkasan Limited has made full provision for the costs of £609,080 incurred on behalf of the company to the year end date.

**11. STOCKS**

	<b>30 May 04</b>	<b>25 May 03</b>
	<b>£</b>	<b>£</b>
Finished goods	<u>262,371</u>	<u>142,486</u>

**12. DEBTORS**

	<b>30 May 04</b>	<b>25 May 03</b>
	<b>£</b>	<b>£</b>
Trade debtors	202,821	231,530
Other debtors	508,600	402,756
Prepayments and accrued income	100,671	82,635
Deferred taxation (note 13)	<u>283,796</u>	<u>244,205</u>
	<u>1,095,888</u>	<u>961,126</u>

**13. DEFERRED TAXATION**

	<b>Period from 26 May 03 to 30 May 04</b>	<b>Period from 1 Jun 02 to 25 May 03</b>
	<b>£</b>	<b>£</b>
The movement in the deferred taxation account during the period was:		
Balance brought forward	(244,205)	(96,053)
Profit and loss account movement arising during the period	<u>(39,591)</u>	<u>(148,152)</u>
Balance carried forward	<u>(283,796)</u>	<u>(244,205)</u>

**HAKKASAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS****PERIOD FROM 26th MAY 2003 TO 30th MAY 2004****13. DEFERRED TAXATION** *(continued)*

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

	30 May 04 £	25 May 03 £
Excess of taxation allowances over depreciation on fixed assets	(499,928)	(276,303)
Tax losses available	<u>783,724</u>	<u>520,508</u>
	<u>283,796</u>	<u>244,205</u>

**14. CREDITORS: Amounts falling due within one year**

	30 May 04 £	25 May 03 £
Bank loans and overdrafts	1,010,509	224,228
Trade creditors	982,448	547,671
Corporation tax	736	736
Other taxation and social security	341,150	395,787
Finance lease agreements	246,652	63,174
Other creditors	535,377	40,999
Accruals and deferred income	<u>981,371</u>	<u>733,017</u>
	<u>4,098,243</u>	<u>2,005,612</u>

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

	30 May 04 £	25 May 03 £
Bank loans and overdrafts	<u>1,010,509</u>	<u>224,228</u>

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

**15. CREDITORS: Amounts falling due after more than one year**

	30 May 04 £	25 May 03 £
Bank loans and overdrafts	2,888,885	611,111
Finance lease agreements	463,818	—
Other creditors	<u>2,831,730</u>	<u>3,137,458</u>
	<u>6,184,433</u>	<u>3,748,569</u>

**HAKKASAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS****PERIOD FROM 26th MAY 2003 TO 30th MAY 2004****15. CREDITORS: Amounts falling due after more than one year (continued)**

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

	<b>30 May 04</b>	<b>25 May 03</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<b><u>2,888,885</u></b>	<b><u>611,111</u></b>

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

Other creditors include loans from shareholders amounting to £2,411,129 (2003: £2,637,460). The loans are redeemable in priority to any distribution by way of dividend provided that an amount equivalent to no more than 50% of distributable profits can be applied for this purpose. In any event the loans are redeemable no later than 10 December 2010.

**16. COMMITMENTS UNDER FINANCE LEASE AGREEMENTS**

Future commitments under finance lease agreements are as follows:

	<b>30 May 04</b>	<b>25 May 03</b>
	<b>£</b>	<b>£</b>
Amounts payable within 1 year	<b>246,652</b>	<b>63,174</b>
Amounts payable between 1 and 2 years	<b><u>463,818</u></b>	<b><u>—</u></b>
	<b><u>710,470</u></b>	<b><u>63,174</u></b>

**17. 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.

# HAKKASAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 26th MAY 2003 TO 30th MAY 2004

### 18. RELATED PARTY TRANSACTIONS

Included within other creditors falling due after one year are loans from shareholders. The amounts are as follows;

Cottergreen Limited	1,165,865	1,165,865
Yolana Limited	477,356	703,687
Other shareholders	767,908	767,908
	<u>2,411,129</u>	<u>2,637,460</u>

S Wasif and B S Thind are directors of this company 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 (2003: £500,000) due to Eco West End Limited. This company is managed and controlled by S Wasif. Interest is payable at 2% over base rate, and repayments were due to start in September 2003 although these have been deferred until further notice.

During the period Hakkasan Limited incurred expenses on behalf of Busaba Eathai Limited of £7,014 (2003: £49,349). A T Yau is a director of Busaba Eathai Limited. The amount due to Busaba Eathai Limited at the 30th May 2004 was £23,637 (2003: £49,349 due from).

During the period Hakkasan Limited incurred management charges of £35,000 (2003: £20,000) from Cottergreen Limited.

In accordance with FRS8 "Related Party Disclosures" the company has taken advantage of the exemption available not to disclose transactions in the period between group undertakings where 90% or more of the voting rights are controlled within the group.

### 19. SHARE CAPITAL

#### Authorised share capital:

	30 May 04	25 May 03
	£	£
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:

	30 May 04		25 May 03	
	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>

**HAKKASAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD FROM 26th MAY 2003 TO 30th MAY 2004**

**20. OTHER RESERVES**

	Period from 26 May 03 to 30 May 04 £	Period from 1 Jun 02 to 25 May 03 £
Capital redemption reserve	<u>678,430</u>	<u>678,430</u>

**21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	30 May 04 £	25 May 03 £
Loss for the financial period	(849,153)	(806,543)
Opening shareholders' equity deficit	<u>(1,615,331)</u>	<u>(808,788)</u>
Closing shareholders' equity deficit	<u>(2,464,484)</u>	<u>(1,615,331)</u>

**22. NOTES TO THE STATEMENT OF CASH FLOWS**

**RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW  
FROM OPERATING ACTIVITIES**

	Period from 26 May 03 to 30 May 04 £	Period from 1 Jun 02 to 25 May 03 £
Operating (loss)/profit	(151,384)	829,154
Depreciation	851,321	354,283
Loss on disposal of fixed assets	27,280	—
Increase in stocks	(119,885)	(5,301)
Increase in debtors	(704,251)	(2,071,574)
Increase in creditors	1,122,872	1,063,135
Net cash inflow from operating activities	<u>1,025,953</u>	<u>169,697</u>

**RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	Period from 26 May 03 to 30 May 04 £	Period from 1 Jun 02 to 25 May 03 £
Interest received	2,471	8,016
Interest paid	(116,225)	(56,918)
Interest element of finance leases	<u>(14,526)</u>	<u>(11,761)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(128,280)</u>	<u>(60,663)</u>

**HAKKASAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS****PERIOD FROM 26th MAY 2003 TO 30th MAY 2004****22. NOTES TO THE STATEMENT OF CASH FLOWS (continued)****CAPITAL EXPENDITURE**

	Period from 26 May 03 to 30 May 04 £	Period from 1 Jun 02 to 25 May 03 £
Payments to acquire tangible fixed assets	(4,301,118)	(406,529)
Receipts from sale of fixed assets	1	—
<b>Net cash outflow from capital expenditure</b>	<b><u>(4,301,117)</u></b>	<b><u>(406,529)</u></b>

**FINANCING**

	Period from 26 May 03 to 30 May 04 £	Period from 1 Jun 02 to 25 May 03 £
Repayment of bank loans	2,422,222	(166,667)
Capital element of finance leases	647,296	(86,191)
Net (outflow)/inflow from other long-term creditors	(305,728)	421,628
<b>Net cash inflow from financing</b>	<b><u>2,763,790</u></b>	<b><u>168,770</u></b>

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

	30 May 04 £	25 May 03 £
Decrease in cash in the period	(639,654)	(128,727)
Net cash (inflow) from/outflow from bank loans	(2,422,222)	166,667
Cash outflow in respect of finance leases	(647,296)	86,191
Net cash outflow from/(inflow) from other long-term creditors	<u>305,728</u>	<u>(421,628)</u>
	<b><u>(3,403,444)</u></b>	<b><u>(297,497)</u></b>
Change in net debt	<b><u>(3,403,444)</u></b>	<b><u>(297,497)</u></b>
Net debt at 26 May 2003	<b><u>(4,032,590)</u></b>	<b><u>(3,735,093)</u></b>
Net debt at 30 May 2004	<b><u>(7,436,034)</u></b>	<b><u>(4,032,590)</u></b>

**HAKKASAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**22. NOTES TO THE STATEMENT OF CASH FLOWS** *(continued)***ANALYSIS OF CHANGES IN NET DEBT**

	At 26 May 2003 £	Cash flows £	At 30 May 2004 £
Net cash:			
Cash in hand and at bank	3,381	2,179	5,560
Overdrafts	<u>(57,561)</u>	<u>(641,833)</u>	<u>(699,394)</u>
	<u>(54,180)</u>	<u>(639,654)</u>	<u>(693,834)</u>
Debt:			
Debt due within 1 year	(166,667)	(144,448)	(311,115)
Debt due after 1 year	<u>(3,748,569)</u>	<u>(1,972,046)</u>	<u>(5,720,615)</u>
Finance lease agreements	<u>(63,174)</u>	<u>(647,296)</u>	<u>(710,470)</u>
	<u>(3,978,410)</u>	<u>(2,763,790)</u>	<u>(6,742,200)</u>
Net debt	<u>(4,032,590)</u>	<u>(3,403,444)</u>	<u>(7,436,034)</u>