

Hakkasan Limited

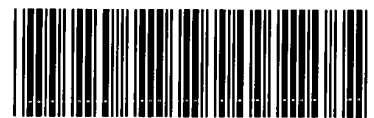
Report and Financial Statements

18 Month Period Ended

30 June 2015

Company Number 03488606

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Hakkasan Limited

Report and financial statements for the 18 month period ended 30 June 2015

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Directors

K Bin Butti
N Moffitt
N Coleman
H Buttikhi
R Attieh

Registered office

4th Floor, 151 Wardour Street, London, W1F 8WE

Company number

03488606

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Hakkasan Limited

Strategic report For the 18 month period ended 30 June 2015

Our Group

Hakkasan Group is a hospitality group with establishments across the United States, Europe, Middle East and Asia. Originally founded in London in 2001 its name is taken from its Michelin star-rated restaurant that set the high-level standard for the group's collection of diverse brands.

Within Hakkasan Group we have 3 brand collections into which each of our portfolios of owned and managed brands fall:

Asian Luxury Collection	Social Dining Collection	Nightlife and Daylife Collection
Hakkasan Yauatcha Sake no Hana HKK Ling Ling	Herringbone Searsucker Nice Guy Yellowtail Kumi Citizens Fix Stack Red Square Ivory on Sunset	Hakkasan OMNIA Blind Dragon Wet Republic SHOREbar Hooray Henry's Jewel Bootsy Bellows The Bank Lily Bar & Lounge Alibi Ultra Lounge Liquid Pool Lounge Bare Pool Lounge

At 30 June 2015 our portfolio of owned and managed properties was 51 comprising:

Restaurants	34	Bar / Lounges	5
Nightclubs	9	Dayclubs	3

The 18 months to 30 June 2015 have been a very active period for the group with a total of 7 acquisitions completed, details of which are set out in Note 22 to the financial statements.

A combination of these acquisitions and organic growth has resulted in a 55% growth in turnover (year on year grossing up the 7 months to December 2013 and excluding the effects of exchange rates).

Trading performance

There was one addition to the UK portfolio of restaurants in the period with the opening of a Yauatcha restaurant in the City of London in May 2015, doubling the presence of this brand in London. On a like for like basis, excluding the contribution from our new Yauatcha, the UK portfolio recorded a turnover increase of 3% and accounted for 22% of total turnover for the 18 months to 30 June 2015.

Our core US operations in existence at 31 December 2013 recorded a 5% growth in turnover and accounted for 46% of total turnover for the 18 months to 30 June 2015.

This period saw the acquisition of our Hakkasan restaurant in Dubai, previously held under a management agreement, and the opening of our Hakkasan restaurant in Shanghai. The combined turnover from these operations accounted for 5% of turnover for the 18 months to 30 June 2015.

The acquired entities in the period comprised a combination of restaurants, nightclubs and dayclubs and management agreements operating in both the USA and overseas markets and accounted for the remaining 27% of turnover for the 18 month period.

Hakkasan Limited

Strategic report For the 18 month period ended 30 June 2015 (*continued*)

Trading performance (*continued*)

The turnover from these acquired entities will be significantly greater in the year to 30 June 2016 due to:

- A full year's contribution across all sites
- New openings in the year - in December 2015 we opened a Herringbone in Santa Monica

We continue to grow our fees from management and license agreements, increasing income from \$1.4m in the 7 months to 31 December 2013 to \$12.4m in the 18 months to 30 June 2015, the most significant addition being the management agreements acquired as part of the acquisition of The Light Group.

In terms of overall profitability we continue to measure this by reference to an adjusted EBITDA, defined as earnings before interest, tax, depreciation, amortisation, impairment, exceptional administrative expenses, non-cash rent charge and pre-opening expenses (being the directly incurred costs up to first opening). We consider this to be the best measure of the cash profit generated from our operations. This is shown on the face of the Consolidated Income Statement.

Our adjusted EBITDA for the period grew to \$6.4m however the growth rate in our adjusted EBITDA slowed. A few factors explain this movement:

- the increased investment in people and resources to build a corporate infrastructure to both effectively manage our acquisitions and put in place the building blocks to support our growth strategy
- the closure of two of our acquired nightclubs in Las Vegas and San Diego for some months during a significant renovation and re-launch under the OMNIA brand; and
- the continued poor trading performance of our Los Angeles Hakkasan leading to our decision to close this site in July 2015.

The components of our adjusted EBITDA for the 18 month period to 30 June 2015 were:

- A significant improvement in adjusted EBITDA for the continuing operations (excluding central overheads) to \$34.3m
- A pleasing contribution from our acquired entities and management agreements of \$20.6m
- A significant increase in our central overhead cost for the reasons noted above to \$48.5m

The significant increase in the charge for depreciation, amortisation and impairment is directly related to the acquisitions in the year, the significant investment in the construction of new sites and the decision to impair under-performing sites and some goodwill arising from acquisitions. We also incurred a number of non-recurring costs outside the normal course of the business as further explained in note 5.

Balance sheet

There have been two significant movements in our consolidated balance sheet. Firstly the acquisitions in the year generating gross intangible fixed assets of \$254.0m and additions to fixed assets of \$19.8m; and secondly, the capitalisation of the majority of the loans from our shareholder, thereby strengthening our balance sheet, by the issuance of a Non-share equity instrument of \$566.2m.

As evidenced from our Consolidated Cash Flow Statement all our acquisitions in the year, together with the significant construction activity, has been funded by our Shareholder. The conversion of that debt into an equity instrument leaves the group with very little debt.

Hakkasan Limited

Strategic report For the 18 month period ended 30 June 2015 (*continued*)

Balance sheet (*continued*)

The Group's resultant net debt position is as follows:

	30 June 2015 \$'000	31 December 2013 \$'000
Balance sheet cash and cash equivalents	28,860	18,734
Other loans	(20,581)	-
Shareholder loans	(70,273)	(266,006)
	<hr/>	<hr/>
Total	(61,994)	(247,272)
	<hr/>	<hr/>

With total equity of \$249.1m at 30 June 2015 the gearing ratio (net debt as a proportion of total equity), is some 25% (2013 - 301%) representing a significant improvement.

Key performance indicators

We use both financial and non-financial KPI's to measure our success in meeting our operating objectives. Our principal non-financial measure is focussed on the monitoring of customer feedback both directly received and through social media. Our principal financial KPI's are shown below:

	18 months to 30 June 2015	7 months to 31 December 2013
Turnover (\$m)	396.2	98.0

As the prime measure of our economic output, revenue growth is key to measuring shareholder return and the success of our expansion strategies

Gross margin (%)	82%	78%
Gross margin (\$m)	323.5	76.0

Gross margin provides an indication of the quality of turnover growth and is also a measure of value added by the group

Adjusted EBITDA (\$m)	6.4	6.0
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Adjusted EBITDA provides an indication of the cash profit from continuing operations generated by the group

Hakkasan Limited

Strategic report For the 18 month period ended 30 June 2015 (*continued*)

Principal risks and uncertainties

General economic factors and a highly competitive sector

The economic conditions both in the markets in which we operate, and the general economic conditions affecting the world's economies can adversely impact disposable income and consumer confidence. Our two principal locations are in Las Vegas and London and both of these markets are dependent on international as well as national consumers. We also operate in a highly competitive sector with new brands and concepts continually coming to market. To mitigate against these risks the group emphasises the importance of ensuring a consistent, high quality experience for all our customers, listens carefully to feedback and is continually focussed on ensuring our brand offering is in tune with developing trends. In addition the expansion of our brands and geographical spread also acts as a natural hedge against these risks.

The ability to expand into new and existing markets

Our growth to date has come from organic growth in our two principal locations of Las Vegas and London and through acquisitions. Future growth will also come from an expansion of activities beyond these markets which in turn is dependent upon the ability to find appropriate locations; fund their construction and opening costs; and hire the appropriate staff, all of which can take time to achieve. The expansion into new overseas territories is also dependent on finding the right local partner.

Labour shortages and increases in labour costs

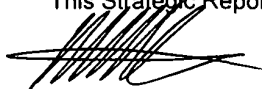
Our success depends in part on our ability to attract and retain highly qualified and motivated individuals. In our two principal markets the competition for these individuals is intense with the consequent impact on salaries. In addition the UK has introduced new legislation to increase the Minimum Wage to a Living Wage commencing April 2016.

Future developments

The group's key strategic imperatives during the period were (i) to grow the core business of the group via organic growth and operational improvements, (ii) to fully realise the benefits of its acquired businesses through synergies and integration, and (iii) to continue to leverage Hakkasan's brand equity to deliver high profit margin management agreements globally. Going forward, the group will evaluate new development opportunities, continue to expand into new markets via management agreements and explore potential value additive acquisitions opportunities in addition to seeking incremental operational improvements with the goal of building on the group's reputation as a leading global hospitality company.

Approval

This Strategic Report was approved on behalf of the Board on 29 April 2016



N Moffitt

Director

Hakkasan Limited

Directors' report For the 18 month period ended 30 June 2015

Directors

The directors of the company throughout the year were:

K Al-Qubaisi	(resigned 29 April 2016)
N Moffitt	(appointed 21 October 2014)
K Al-Mehairi	(resigned 29 April 2016)
C Tappendorf	(resigned 29 April 2016)
J J Sullivan	(resigned 8 May 2014)
J Brucculeri	(resigned 15 January 2014)
K Bin Butti	(appointed 29 April 2016)
N Coleman	(appointed 29 April 2016)
H Buttikhi	(appointed 29 April 2016)
R Attieh	(appointed 29 April 2016)

Financial instruments

Foreign exchange risk

Foreign exchange risk arises when individual group entities enter into transactions denominated in a currency other than their functional currency. The group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency (primarily US dollar or Pound Sterling) with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the group.

Post balance sheet events

There are no material post balance sheet events.

Future developments

Information on likely future developments in the business of the group has been included in the Strategic Report on pages 1 - 4.

Employment of disabled persons

The group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it.

The group's HR procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the group, the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the group. Retraining of employees who become disabled whilst employed by the group is offered where appropriate.

Hakkasan Limited

Directors' report For the 18 month period ended 30 June 2015 (*continued*)

Employee involvement

The group maintains an HR intranet site that provides employees with information on matters of concern to them as employees, including the financial and economic factors affecting the performance of the group. The intranet site includes functionality that enables employees to express views on matters that affect them anonymously and the group also undertakes a biennial staff survey to canvas views on significant matters.

Directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' 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 group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. They 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

All of the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the company's auditor is unaware.

Approval

This Directors' Report was approved on behalf of the Board on 29 April 2016



N Moffitt

Director

Hakkasan Limited

Independent auditor's report

TO THE MEMBERS OF HAKKASAN LIMITED

We have audited the financial statements of Hakkasan Limited for the 18 month period ended 30 June 2015 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statement of changes in equity, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2015 and of the group's loss for the 18 month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Hakkasan Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

David Campbell (*senior statutory auditor*)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

10 May 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Hakkasan Limited

Consolidated income statement For the 18 month period ended 30 June 2015

	Note	18 months ended 30 June 2015 \$'000	Reclassified 7 months ended 31 December 2013 \$'000
Turnover	3	396,210	97,993
Cost of sales		(72,663)	(21,989)
Gross profit		323,547	76,004
Administrative expenses		(570,780)	(91,574)
Other operating income	8	12,403	1,397
Adjusted EBITDA *		6,443	5,993
Exceptional administrative expenses	5	(11,407)	(5,005)
Pre-opening expenses		(10,405)	(2,995)
Loss on disposal of fixed assets		(692)	-
Non-cash rent charge		(3,731)	(475)
Depreciation, amortisation and impairment		(215,038)	(11,691)
Operating loss	4	(234,830)	(14,173)
Share of loss from joint venture	13	(4,606)	-
Interest receivable and similar income		390	26
Interest payable and similar charges	7	(9,005)	(17)
Loss on ordinary activities before taxation		(248,051)	(14,164)
Tax credit / (charge) on loss on ordinary activities	9	1,072	(1,184)
Loss on ordinary activities after taxation		(246,979)	(15,348)
Minority interests		2,507	30
Loss for the financial period		(244,472)	(15,318)

All amounts relate to continuing activities

*Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, impairment, loss on disposal of fixed assets, exceptional administrative expenses, non-cash rent charge and pre-opening expenses.

The notes on pages 17 to 46 form part of these financial statements

Hakkasan Limited

Consolidated statement of comprehensive income For the 18 month period ended 30 June 2015

	2015 \$'000	2013 \$'000
Loss for the financial year	(244,472)	(15,318)
Currency translation differences	9,418	(2,480)
Other comprehensive income/(loss) for the year	9,418	(2,480)
Total comprehensive loss for year	(235,054)	(17,798)
Total comprehensive loss attributable to:		
Non-controlling interest	2,507	30
Owners of the parent company	(237,561)	(17,828)
	(235,054)	(17,798)

The notes on pages 17 to 46 form part of these financial statements

Hakkasan Limited

Consolidated balance sheet At 30 June 2015

Company number 03488606	Note	30 June 2015 \$'000	30 June 2015 \$'000	Reclassified 31 December 2013 \$'000	Reclassified 31 December 2013 \$'000
Fixed assets					
Intangible assets	11		114,862		204
Tangible assets	12		230,309		160,541
Investment in joint venture	13		-		-
			345,171		160,745
Current assets					
Stocks	14	11,045		7,612	
Debtors: amounts falling due after more than one year	15	3,611		3,359	
Debtors: amounts falling due within one year	15	28,775		20,101	
Cash at bank and in hand	16	28,860		18,734	
		72,291		49,806	
Creditors: amounts falling due within one year	17	(136,314)		(290,486)	
Net current liabilities			(64,023)		(240,680)
Total assets less current liabilities			281,148		(79,935)
Creditors: amounts falling due after more than one year	18		30,069		1,595
Provisions for liabilities	20		1,241		775
Capital and reserves					
Called up share capital	21	149		149	
Non-share equity instrument	21	566,230		-	
Capital redemption reserve		1,011		1,011	
Capital contribution reserve		13,179		13,179	
Foreign exchange reserve		6,776		(2,642)	
Profit and loss account		(338,248)		(93,776)	
Equity attributable to owners of the parent company			249,097		(82,079)
			280,407		(79,709)
Non-controlling interests			741		(226)
			281,148		(79,935)

The financial statements were approved by the Board of Directors and authorised for issue on 29 April 2016

N Moffitt
Director



The notes on pages 17 to 46 form part of these financial statements

Hakkasan Limited

Consolidated statement of changes in equity For the 18 month period ended 30 June 2015

	Share capital \$'000	Non-share equity instrument \$'000	Capital redemption reserve \$'000	Capital Contribution Reserve \$'000	Foreign Exchange Reserve \$'000	Profit and loss account \$'000	Equity attributable to owners of the parent company \$'000	Non- controlling interests \$'000	Total equity \$'000
1 June 2013	149	-	1,011	13,179	(162)	(78,458)	(64,281)	-	(64,281)
Comprehensive income for the period									
Loss for the period	-	-	-	-	-	(15,318)	(15,318)	(30)	(15,348)
Currency translation differences	-	-	-	-	(2,480)	-	(2,480)	-	(2,480)
Total comprehensive income for the period	-	-	-	-	(2,480)	(15,318)	(17,798)	(30)	(17,828)
Acquisition of minority interests	-	-	-	-	-	-	-	(196)	(196)
31 December 2013	149	-	1,011	13,179	(2,642)	(93,776)	(82,079)	(226)	(82,305)

The notes on pages 17 to 46 form part of these financial statements

Hakkasan Limited

Consolidated statement of changes in equity
For the 18 month period ended 30 June 2015 (continued)

	Share Capital \$'000	Non-share equity instrument \$'000	Capital redemption reserve \$'000	Capital Contribution Reserve \$'000	Foreign exchange reserve \$'000	Profit and loss account \$'000	Equity attributable to owners of the parent company \$'000	Non- controlling interests \$'000	Total equity \$'000
1 January 2014	149	-	1,011	13,179	(2,642)	(93,776)	(82,079)	(226)	(82,305)
Comprehensive income for the period	-	-	-	-	-	(244,472)	(244,472)	(2,507)	(246,979)
Loss for the period	-	-	-	-	-	(244,472)	(244,472)	(2,507)	(246,979)
Currency translation differences	-	-	-	-	9,418	-	9,418	-	9,418
Total comprehensive income for the period	-	-	-	-	9,418	(244,472)	(235,054)	(2,507)	(237,561)
Contributions by and distributions to owners									
Issuance of Non-share equity instrument	-	566,230	-	-	-	-	566,230	-	566,230
Dividends to minorities	-	-	-	-	-	-	-	(594)	(594)
Acquisition of Minority interests	-	-	-	-	-	-	-	4,068	4,068
Total contributions by and distributions to owners	-	566,230	-	-	-	-	566,230	3,474	569,704
30 June 2015	149	566,230	1,011	13,179	6,776	(338,248)	249,097	741	249,838

The notes on pages 17 to 46 form part of these financial statements

Hakkasan Limited

Consolidated statement of cash flows For the 18 month period ended 30 June 2015

	Note	18 months ended 30 June 2015 \$'000	7 months ended 31 December 2013 \$'000
Cash flows from operating activities			
Loss for the financial year		(246,979)	(15,348)
<i>Adjustments for:</i>			
Depreciation and amortisation of fixed assets	11/12	54,981	11,691
Share of loss for the year of joint venture	13	4,606	-
Impairment of fixed assets	11/12	160,057	-
Loss on disposal of fixed assets		692	-
Net interest payable / (receivable)		8,615	(9)
Taxation expense	9	(1,072)	1,184
Increase in receivables		(730)	(6,654)
Increase in stocks		(1,635)	(1,181)
Increase/(decrease) in payables		23,616	(1,147)
Increase in provisions		466	-
Cash generated from / (used by) operations		2,617	(11,464)
Tax paid		(32)	-
Net cash generated from / (used by) operating activities		2,585	(11,464)
Cash flows from investing activities			
Purchases of tangible fixed assets	12	(117,196)	(11,025)
Purchases of intangible assets	11	(572)	-
Interest received		390	26
Net investment in joint venture		(4,606)	-
Transfer of cash into Escrow account		(3,557)	-
Purchase of subsidiary undertakings	22	(247,197)	-
Cash acquired with subsidiary undertakings	22	5,713	-
Net cash from investing activities		(367,025)	(10,999)
Cash flows from financing activities			
Amounts advanced from shareholder		373,917	-
Interest paid		(2,161)	(17)
Dividends to minorities		(594)	-
Net cash from financing activities		371,162	(17)
Net increase/(decrease) in cash and cash equivalents		6,722	(22,480)
Cash and cash equivalents at beginning of year		18,734	41,020
Foreign exchange gains and losses		(153)	194
Cash and cash equivalents at end of year		25,303	18,734
Cash and cash equivalents comprise:			
Cash at bank and in hand		25,303	18,734

The notes on pages 17 to 46 form part of these financial statements

Hakkasan Limited


Company balance sheet At 30 June 2015

Company number 03488606	Note	30 June 2015 \$'000	30 June 2015 \$'000	Reclassified 31 December 2013 \$'000	Reclassified 31 December 2013 \$'000
Fixed assets					
Intangible assets	11		160		-
Tangible assets	12		18,432		20,293
Investments	13		190,453		126,135
			209,045		146,428
Current assets					
Stocks	14	2,177		1,746	
Debtors: amounts falling due after more than one year	15	953		563	
Debtors: amounts falling due within one year	15	10,067		9,582	
Cash at bank and in hand	16	2,436		15,165	
		15,633		27,056	
Creditors: amounts falling due within one year	17	(81,176)		(277,112)	
Net current liabilities			(65,543)		(250,056)
Total assets less current liabilities			143,502		(103,628)
Capital and reserves					
Called up share capital	21	149		149	
Non-share equity instrument	21	566,230		-	
Capital redemption reserve		1,011		1,011	
Capital contribution reserve		13,179		13,179	
Foreign exchange reserve		4,885		(2,622)	
Profit and loss account		(441,952)		(115,345)	
			143,502		(103,628)
			143,502		(103,628)

The financial statements were approved by the Board of Directors and authorised for issue on 25 April 2016

N Moffitt

Director



The notes on pages 17 to 46 form part of these financial statements

Hakkasan Limited

Company statement of changes in equity For the 18 month period ended 30 June 2015

	Share capital \$'000	Non-share equity instrument \$'000	Capital redemption reserve \$'000	Capital contribution reserve \$'000	Foreign exchange reserve \$'000	Profit and loss account \$'000	Total equity \$'000
1 June 2013	149	-	1,011	13,179	(281)	(35,609)	(21,551)
Comprehensive income for the period							
Loss for the period	-	-	-	-	-	(79,736)	(79,736)
Currency translation differences	-	-	-	-	(2,341)	-	(2,341)
Total comprehensive income for the period	-	-	-	-	(2,341)	(79,736)	(82,077)
31 December 2013	149	-	1,011	13,179	(2,622)	(115,345)	(103,628)
Comprehensive income for the period							
Loss for the period	-	-	-	-	-	(326,607)	(326,607)
Currency translation differences	-	-	-	-	7,507	-	7,507
Total comprehensive income for the period	-	-	-	-	7,507	(326,607)	(319,100)
Contributions by and distributions to owners							
Issuance of Non-share equity instrument	-	566,230	-	-	-	-	566,230
30 June 2015	149	566,230	1,011	13,179	4,885	(441,952)	143,502

The notes on pages 17 to 46 form part of these financial statements

Hakkasan Limited

Notes forming part of the financial statements For the 18 month period ended 30 June 2015

1 Accounting policies

The financial statements have been prepared under the historic cost convention and in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. Due to a change of year end the current period is for the 18 months to 30 June 2015, with the comparative period being the 7 months to 31 December 2013.

FRS 102 is mandatory for accounting periods beginning on or after 1 January 2015 but may be applied early to periods ending on or after 31 December 2012. Hakkasan Limited has taken the option to apply the standard early in the preparation of these financial statements.

There have been no adjustments arising from the first time adoption of this accounting standard. The prior period consolidated and company balance sheets show a reclassification of all Shareholder loans from non-current to current liabilities. This has had no impact on the reported results or balance sheet totals in either the current or prior year. The prior period consolidated income statement shows a reclassification of certain items from cost of sales to administrative expenses. There has been no impact on the reported result.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of Hakkasan Limited and its subsidiaries as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 June 2013.

Hakkasan Limited

Notes forming part of the financial statements For the 18 month period ended 30 June 2015 (*continued*)

1 Accounting policies (*continued*)

Going concern

The group's business activities together with the current financial position of the group, reflecting the conversion into equity of a substantial part of Shareholder loans, are shown in the Strategic Report above. At 30 June 2015 the group had net current liabilities of \$64.0m and net assets of \$249.8m. Included within net current liabilities is an amount of \$70.3m of Shareholder loans. The directors have received confirmation from its shareholder that this loan will not be called for repayment for at least 12 months from the date of approval of these financial statements and that financial support will be provided as required to meet the continuing obligations of the group to meet its liabilities as and when they fall due for a period no less than 12 months from the date of approval of these accounts.

The directors have prepared cash flow forecasts for the group and based on these, the committed support of the group's shareholder and current trading the directors consider that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly the directors have concluded it is appropriate to adopt the going concern basis in preparing these financial statements.

Associates and joint ventures

An entity is treated as an associated undertaking where the group exercises significant influence in that it has the power to participate in the operating and financial policy decisions. An entity is treated as a joint venture where the group is party to a contractual agreement with one or more parties from outside the group to undertake an economic activity that is subject to joint control.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the associate. The consolidated statement of comprehensive income includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group. In the consolidated balance sheet, the interests in associated undertakings are shown as the group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

Revenue

Revenue from the operation of restaurants and nightclubs is the invoiced amount of goods and services, exclusive of service charges and Value Added Tax and other sales taxes, provided to customers during the year. Revenue is recognised at the point of service delivery to customers.

Other operating income

Other operating income represents income arising under franchising and management agreements. The income is recognised when the group has fulfilled its contractual obligations under each agreement.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Assets in the course of construction represent the direct costs associated with the construction of assets which have yet to open to the public. No depreciation is charged until the asset is ready for use.

Hakkasan Limited

Notes forming part of the financial statements For the 18 month period ended 30 June 2015 (continued)

1 Accounting policies (continued)

Depreciation

Depreciation on assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Leasehold land and buildings	-	The term of the lease
Leasehold improvements	-	10% or period of lease if shorter
Plant and machinery	-	4 years
Fixtures and fittings	-	5 years
Computer equipment	-	30%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within operating profit / loss in the income statement.

Valuation of investments

Investments in subsidiaries, associates and joint ventures are measured at cost less accumulated impairment.

Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Stocks

Stocks comprise food and beverage and consumable items and are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

Pre-opening expenses

Pre-opening expenses represent the total operational costs incurred up to the point the venue opens.

Hakkasan Limited

Notes forming part of the financial statements For the 18 month period ended 30 June 2015 (*continued*)

1 Accounting policies (*continued*)

Foreign currency translation

The functional currency of Hakkasan Limited is Pounds Sterling. The presentational currency is US dollars as the majority of the group's activities are located in the United States of America and the funding of the group is US dollar.

Monetary assets and liabilities denominated in currencies other than the functional currency of each operation are translated into the functional currency at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into the applicable functional currency at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within operating profit / loss.

On consolidation the results of operations where the functional currency is not US dollars are translated into US dollars at the average rate of exchange during the year and the balance sheet translated into US dollars at the rate of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the operating net assets and results of foreign subsidiary undertakings are taken to reserves.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Intangible assets

a) Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. Goodwill is being amortised over 10 years.

(b) Brand

Brands are recognised on business combinations if they are separable from the acquired entity or arise from to other contractual / legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements below) and amortised over 10 years.

(c) Management contracts

Management contracts are separately identified when the underlying income from an acquired entity arises from management contracts and the price paid for the acquired entity reflects the value of those contracts. The carrying value of such contracts is amortised based on the remaining useful lives at the date of acquisition.

(d) Licenses

Licenses represent amounts paid for liquor and other trading related licences for which no amortisation is charged.

Hakkasan Limited

Notes forming part of the financial statements For the 18 month period ended 30 June 2015 (*continued*)

1 Accounting policies (*continued*)

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred taxation balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Leased assets: Lessee

The annual rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the lease. The group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 June 2013) to continue to be charged over the period to the first market rent review rather than the term of lease.

Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it a provision is made for the present value of the obligation under the lease.

Exceptional items

Exceptional items are non-recurring material items which are outside the normal scope of the group's ordinary activities. These items, in the Directors' view, are required to be separately disclosed by virtue of their nature or incidence to enable a full understanding of the group's financial performance. Details of these items are provided in the relevant notes.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement in accordance with local employee policies and applicable law which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Hakkasan Limited

**Notes forming part of the financial statements
For the 18 month period ended 30 June 2015 (continued)**

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- The acquisitions in the year included a number of entities with known brands attached to them. The fair values of brands acquired in a business combination are based on the discounted estimated royalty payments that would have been avoided as a result of the brand being owned.
- The acquisitions in the year also resulted in the recognition of goodwill. The carrying value of goodwill acquired in a business combination is based on an assessment as to future profitability of these acquisitions.
- The group has substantial tax losses available for carry forward against future trading profits. In view of the quantum of these losses compared to the assessment of the quantum of future profitability in the near future no deferred tax asset has been recognised at this time.
- In assessing whether any impairment is required to the carrying value of fixed assets the expected future trading projections of each individual operating unit is considered.
- Depreciation is based on an assessment and judgement about the useful life of assets acquired and their expected residual values.
- The assessment of onerous lease provisions is based on an estimate of the time taken to dispose of the underlying lease.

3 Analysis of turnover

	18 months ended 30 June 2015 \$'000	7 months ended 31 December 2013 \$'000
Analysis of turnover by country of origin:		
United Kingdom	86,022	31,580
United States of America	290,357	66,413
Rest of World	19,831	-
	<u>396,210</u>	<u>97,993</u>

Turnover arises from the one class of business, namely the sale of food and beverage in our restaurants and nightclubs and admission fees.

Hakkasan Limited

Notes forming part of the financial statements
For the 18 month period ended 30 June 2015 (continued)

4 Operating loss

	18 months ended 30 June 2015 \$'000	7 months ended 31 December 2013 \$'000
This is arrived at after charging/(crediting):		
Amortisation – intangible fixed assets	13,823	-
Impairment - intangible fixed assets	126,060	-
Depreciation - tangible fixed assets	41,158	11,691
Impairment - tangible fixed assets	33,997	-
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	531	136
Fees payable to the company's auditor and its associates for other services to the group: taxation services	477	25
Foreign exchange	234	293
Pre-opening expenses	10,405	2,995
Operating lease rentals:		
Plant and machinery	482	96
Other operating lease rentals	20,652	5,758
Inventories recognised as an expense	72,663	21,989

5 Exceptional items

	18 months ended 30 June 2015 \$'000	7 months ended 31 December 2013 \$'000
Management fees	5,348	5,279
Non-recurring directors' emoluments	1,131	-
Onerous lease provision	1,241	-
Costs associated with an aborted project	2,187	-
Provision against amounts due from related parties	1,500	-
Release of liabilities on restaurant closure	-	(274)
	11,407	5,005

The group incurred non-recurring management fees for the provision of strategic and brand management services charged by a related party owned by a member of key management personnel and a director. The provision against amounts due from related parties relates to amounts due from entities owned by a member of key management personnel.

Hakkasan Limited

Notes forming part of the financial statements For the 18 month period ended 30 June 2015 (continued)

6 Directors and employees

	18 months ended 30 June 2015 \$'000	7 months ended 31 December 2013 \$'000
Staff costs (including directors) consist of:		
Wages and salaries	123,936	25,454
Social security costs	14,365	3,080
Cost of defined contribution scheme	651	192
	<u>138,952</u>	<u>28,726</u>
The average number of employees (including directors) during the period was as follows:	Number	Number
Operations	2,658	1,361
Administration	168	124
	<u>2,826</u>	<u>1,485</u>
	18 months ended 30 June 2015 \$'000	7 months ended 31 December 2013 \$'000
Directors' emoluments	2,362	-
Other Key Management emoluments	2,201	295
Total Key Management emoluments	<u>4,563</u>	<u>295</u>

There were no directors in the group's defined contribution pension scheme (2013 - Nil). Emoluments of the highest paid director were \$ 2,362k (2013 - \$ Nil). Key management personnel include all directors and a number of senior managers across the group who together have authority and responsibility for planning, directing and controlling the activities of the group.

7 Interest payable and similar charges

	18 months ended 30 June 2015 \$'000	7 months ended 31 December 2013 \$'000
Interest payable on other loans	2,161	17
Foreign exchange net loss arising on the capitalisation of a receivable balance and amounts owed under Shareholder loans	6,844	-
	<u>9,005</u>	<u>17</u>

Hakkasan Limited

Notes forming part of the financial statements
For the 18 month period ended 30 June 2015 (continued)

8 Other operating income

	18 months ended 30 June 2015 \$'000	7 months ended 31 December 2013 \$'000
Other operating income	12,403	1,397

Other operating income represents franchise and management fees arising under third party operating agreements.

9 Taxation on loss on ordinary activities

	18 months ended 30 June 2015 \$'000	18 months ended 30 June 2015 \$'000	7 months ended 31 December 2013 \$'000	7 months ended 31 December 2013 \$'000
<i>UK corporation tax</i>				
Current tax on loss of the year		-		1,184
Adjustment in respect of previous periods		(1,187)		-
		(1,187)		1,184
<i>Foreign tax</i>				
Current tax on foreign income for the year		115		-
Total current tax		(1,072)		1,184
<i>Deferred tax</i>				
Origination and reversal of timing differences	-		-	
Changes to tax rates	-		-	
Taxation on loss from ordinary activities		(1,072)		1,184

Hakkasan Limited

Notes forming part of the financial statements For the 18 month period ended 30 June 2015 (continued)

9 Taxation on profit on ordinary activities (continued)

The tax assessed for the period is higher than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	18 months ended 30 June 2015 \$'000	7 months ended 31 December 2013 \$'000
Loss on ordinary activities before tax	(248,051)	(14,164)
Loss on ordinary activities at the standard rate of Corporation tax in the UK of 21.2% (2013 - 23%)	(52,587)	(3,258)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	15,756	1,608
Depreciation, amortisation and impairment in excess of tax allowances	23,028	939
Unrelieved tax losses carried forward	13,022	1,895
Transfer pricing adjustments	829	-
State taxes	115	-
Short term timing differences	(48)	-
Overprovision from prior years	(1,187)	-
Total tax (credit) / charge for period	(1,072)	1,184

The group has unrecognised deferred tax assets for losses of \$38.1m (2013 - \$18.8m), tangible fixed assets of \$15.2m (2013 - \$5.9m) and intangibles and goodwill of \$22.1m (2013 - \$nil). The company has unrecognised deferred tax assets for losses of \$3.1m (2013 - \$1.4m) and tangible fixed assets of \$2.1m (2013 - \$239k). The deferred tax assets are unrecognised due to uncertainty that the group will have sufficient taxable profits of the right type in the right entities to utilise these deferred tax assets in the near future.

10 Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the parent company for the year was \$326,607,000 (2013 – loss \$79,736,000).

Hakkasan Limited

Notes forming part of the financial statements
For the 18 month period ended 30 June 2015 (*continued*)

11 Intangible assets

Group	Brand and licences \$'000	Goodwill on consolidation \$'000	Management contracts \$'000	Total \$'000
<i>Cost or valuation</i>				
At 1 January 2014	-	204	-	204
Addition to licences	572	-	-	572
On acquisition of subsidiaries	4,884	205,075	44,010	253,969
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2015	5,456	205,279	44,010	254,745
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>				
At 1 January 2014	-	-	-	-
Impairment charge	-	126,060	-	126,060
Provision for period	664	10,533	2,626	13,823
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2015	664	136,593	2,626	139,883
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 June 2015	4,792	68,686	41,384	114,862
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	-	204	-	204
	<hr/>	<hr/>	<hr/>	<hr/>

The impairment charge arises from the directors' assessment of the recoverability of the carrying value of the goodwill arising on certain acquisitions. This assessment is based on the expected future profitability of the underlying business units acquired.

Company	Licences \$'000
<i>Cost and net book value</i>	
At 1 January 2014	-
Additions	160
	<hr/>
At 30 June 2015	160
	<hr/>

The company has not provided any amortisation in relation to intangible assets as the licenses granted are for an indefinite life.

Hakkasan Limited

Notes forming part of the financial statements
For the 18 month period ended 30 June 2015 (continued)

12 Tangible fixed assets

Group	Leasehold property \$'000	Assets in the course of construction \$'000	Plant and machinery \$'000	Fixtures and fittings \$'000	Computer equipment \$'000	Total \$'000
<i>Cost</i>						
At 1 January 2014	181,823	7,492	10,422	14,532	3,002	217,271
Additions	16,879	104,398	891	3,531	2,089	127,788
Acquisition of subsidiaries	14,947	276	1,806	2,564	191	19,784
Transfers	81,860	(108,812)	14,946	1,215	10,791	-
Disposals	(463)	(276)	(129)	(101)	(1)	(970)
Exchange adjustments	(6,725)	-	(731)	(355)	(109)	(7,920)
At 30 June 2015	288,321	3,078	27,205	21,386	15,963	355,953
<i>Depreciation</i>						
At 1 January 2014	46,096	-	4,224	4,533	1,877	56,730
Provision for period	30,782	-	3,119	3,887	3,370	41,158
Impairment	29,450	-	433	3,176	938	33,997
Transfers	-	-	1,073	205	(1,278)	-
Disposals	(278)	-	-	-	-	(278)
Exchange adjustments	(4,793)	-	(755)	(334)	(81)	(5,963)
At 30 June 2015	101,257	-	8,094	11,467	4,826	125,644
<i>Net book value</i>						
At 30 June 2015	187,064	3,078	19,111	9,919	11,137	230,309
At 31 December 2013	135,727	7,492	6,198	9,999	1,125	160,541

The impairment charge arises from the directors' assessment of the recoverability of the carrying value of the tangible fixed assets. This assessment is based on the future profitability of each income generating unit.

Hakkasan Limited

Notes forming part of the financial statements
For the 18 month period ended 30 June 2015 (continued)

12 Tangible fixed assets (continued)

Company	Leasehold property \$'000	Assets in the course of construction \$'000	Plant and machinery \$'000	Fixtures and fittings \$'000	Computer equipment \$'000	Total \$'000
<i>Cost</i>						
At 1 January 2014	30,810	-	3,108	2,750	1,419	38,087
Additions	7,300	-	867	672	281	9,120
Foreign exchange	(6,350)	-	(690)	(322)	(106)	(7,468)
At 30 June 2015	31,760	-	3,285	3,100	1,594	39,739
<i>Depreciation</i>						
At 1 January 2014	13,031	-	2,028	1,712	1,023	17,794
Provision for period	3,956	-	716	633	328	5,633
Impairment	2,951	-	277	127	18	3,373
Foreign exchange	(4,403)	-	(684)	(305)	(101)	(5,493)
At 30 June 2015	15,535	-	2,337	2,167	1,268	21,307
<i>Net book value</i>						
At 30 June 2015	16,225	-	948	933	326	18,432
At 31 December 2013	17,779	-	1,080	1,038	396	20,293

The impairment charge arises from the directors' assessment of the recoverability of the carrying value of the tangible fixed assets. This assessment is based on the future profitability of each income generating unit.

Hakkasan Limited

Notes forming part of the financial statements
For the 18 month period ended 30 June 2015 (continued)

13 Fixed asset investments

Group	Joint venture \$'000
<i>Cost</i>	
At 1 January 2014	-
Additions	10,000
Disposal	(10,000)
	<hr/>
At 30 June 2015	-
	<hr/>
<i>Share of retained profits / (losses)</i>	
At 1 January 2014	-
Loss for the period	(4,606)
Eliminated on termination	4,606
	<hr/>
At 30 June 2015	-
	<hr/>
<i>Net book value</i>	
At 30 June 2015	-
	<hr/>
At 31 December 2013	-
	<hr/>

There was no premium on acquisition relating to the joint venture. The joint venture represented a 50% interest in MGM Hakkasan Hospitality LLC, a company engaged in hotel management. The group terminated its interest before period end.

Company	Group undertakings \$'000	Amounts owed by subsidiary undertakings \$'000	Total \$'000
<i>Cost</i>			
At 1 January 2014	6,250	119,885	126,135
Advances in the period	-	297,713	297,713
Additional shares issued	2,100	-	2,100
Acquisitions in the year	85,000	-	85,000
Return on capital investment	(5,394)	-	(5,394)
Loss on termination of agreement	(4,606)	-	(4,606)
Transfer	402,734	(402,734)	-
Impairment	(291,934)	(11,819)	(303,753)
Foreign exchange	(3,697)	(3,045)	(6,742)
	<hr/>	<hr/>	<hr/>
At 30 June 2015	190,453	-	190,453
	<hr/>	<hr/>	<hr/>

The transfer arose from the issuance of shares in consideration for amounts owed by a subsidiary undertaking.

Hakkasan Limited

Notes forming part of the financial statements
For the 18 month period ended 30 June 2015 (continued)

13 Fixed asset investments (continued)

Subsidiary undertakings, associated undertakings and other investments

The undertakings in which the company's interest at the year-end is 20% or more are as follows:

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held B/fwd	C/fwd	Nature of business
<i>Subsidiary undertakings</i>				
Sake no Hana Limited	England	100	100	Restaurant
Chrysan Limited*	England	100	100	Restaurant
Hakkasan Hospitality Inc.	USA	n/a	100	Holding company
Hakkasan Hong Kong Limited	China	100	100	Dormant
Hakkasan Shanghai Limited	China	100	100	Restaurant
Hakkasan Restaurant LLC	UAE	n/a	100	Restaurant
HKK Hospitality Ltd	Guernsey	n/a	100	Management company
Hakkasan USA Inc.	USA	100	100	Holding company
Hakkasan Holdings LLC*	USA	100	100	Holding company
Hakkasan SF LLC*	USA	100	100	Restaurant
Hakkasan NYC LLC*	USA	100	100	Restaurant
Hakkasan LA LLC*	USA	100	100	Restaurant
Hakkasan LV LLC*	USA	100	100	Restaurant and nightclub
Lion Bar LLC*	USA	n/a	100	Dayclub management contract
Venue Driver LLC*	USA	n/a	100	Ticketing
NMP Holding LLC*	USA	n/a	100	Holding company
Touch LLC*	USA	n/a	100	Nightclub
Gladiator Bar, LLC*	USA	n/a	100	Restaurant
Hakkasan Fabric-Stingaree Holding LLC*	USA	n/a	100	Holding company
6 th and Island Investments*	USA	n/a	100	Nightclub
H-FSD Holding LLC*	USA	n/a	71	Holding company
7 th & C Investments LLC*	USA	n/a	71	Restaurant
El Camino Hospitality LLC*	USA	n/a	71	Restaurant
L J Eats LLC*	USA	n/a	71	Restaurant
Sunset Eats LLC*	USA	n/a	71	Restaurant
Las Vegas Eats LLC*	USA	n/a	71	Restaurant
Santa Monica Eats LLC*	USA	n/a	71	Dormant
Searsucker Austin LLC*	USA	n/a	71	Holding company
Searsucker Texas Holdings LLC*	USA	n/a	71	Holding company
Searsucker Beverage LLC*	USA	n/a	71	Restaurant
Cosmo Entertainment LLC*	USA	n/a	51	Management company
West Beverly Group LLC*	USA	n/a	51	Nightclub
DBDJ LLC*	USA	n/a	37	Nightclub
Beverly Sherbourne LLC*	USA	n/a	51	Nightclub
58 th Street Venture LLC*	USA	100	100	Holding company
J2 Enterprises Limited*	USA	51	51	Restaurant operation
58 th Street Venture (IP) LLC*	USA	60	60	Holding company
TLG Acquisition, LLC*	USA	n/a	100	Holding company
The Light Group LLC*	USA	n/a	100	Management contract
DDD Holdings, LLC*	USA	n/a	100	Management contract
HHH Holdings, LLC*	USA	n/a	100	Management contract

Hakkasan Limited

Notes forming part of the financial statements
For the 18 month period ended 30 June 2015 (continued)

13 Fixed asset investments (continued)

Subsidiary undertakings, associated undertakings and other investments (continued)

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held		Nature of business
		B/fwd	C/fwd	
Subsidiary undertakings (continued)				
YTLA Management, LLC*	USA	n/a	100	Management contract
LG Rocks, LLC*	USA	n/a	100	Management contract
LGD Management, LLC*	USA	n/a	100	Management contract
City Restaurant, LLC*	USA	n/a	100	Management contract
LG Piggy, LLC*	USA	n/a	100	Management contract
CBL Management, LLC*	USA	n/a	100	Management contract
BNC Entertainment, LLC*	USA	n/a	100	Management contract
Fix Management, LLC*	USA	n/a	100	Management contract
Yellowtail Restaurant, LLC*	USA	n/a	100	Management contract
Dancing Monkey, LLC*	USA	n/a	100	Management contract
Bare Pool Management, LLC*	USA	n/a	100	Management contract
REV Management, LLC*	USA	n/a	100	Management contract
Cranberry Restaurants, LLC*	USA	n/a	100	Management contract
MB Venues, LLC dba Citizens*	USA	n/a	100	Management contract
YSB Nightclub, LLC*	USA	n/a	100	Management contract
MB/RS Venues, LLC*	USA	n/a	100	Management contract
MB BC Management, LLC*	USA	n/a	100	Management contract
MB Venues, LLC* dba Kumi	USA	n/a	100	Management contract
Club Jungle Management, LLC*	USA	n/a	100	Management contract
Club Jungle Performers, LLC*	USA	n/a	100	Management contract
City Club, LLC*	USA	n/a	100	Management contract
City Bar, LLC*	USA	n/a	100	Management contract
City Entertainment, LLC*	USA	n/a	100	Management contract
City Lounge, LLC*	USA	n/a	100	Management contract
LG BI, LLC*	USA	n/a	100	Management contract
HBLV, LLC*	USA	n/a	100	Management contract
Diablo's Cantina, LLC*	USA	n/a	100	Management contract
MC Steak, LLC*	USA	n/a	100	Management contract

Joint venture

In the period the company acquired a 50% interest in MGM Hakkasan Hospitality LLC, a company engaged in hotel management, and subsequently terminated its interest before the period end.

* Indirectly held

Hakkasan Limited

Notes forming part of the financial statements
For the 18 month period ended 30 June 2015 (*continued*)

14 Stocks

	Group 30 June 2015 \$'000	Group 31 December 2013 \$'000	Company 30 June 2015 \$'000	Company 31 December 2013 \$'000
Raw materials and consumables	11,045	7,612	2,177	1,746

There is no material difference between the replacement cost of stock and the amounts stated above.

15 Debtors

Due after more than one year	Group 30 June 2015 \$'000	Group 31 December 2013 \$'000	Company 30 June 2015 \$'000	Company 31 December 2013 \$'000
Other debtors	3,611	3,359	953	563

The other debtors are rent and utilities deposits of \$2,736k (2013 - \$2,247k) held jointly to the order of the individual group companies and the respective landlords under the terms of the lease, and \$Nil (2013 - \$1,112k) in relation to deposits for sales tax and \$875k (2013 - \$Nil) for a Letter of Credit.

Due within one year	Group 30 June 2015 \$'000	Group 31 December 2013 \$'000	Company 30 June 2015 \$'000	Company 31 December 2013 \$'000
Trade debtors	10,726	5,139	2,060	849
Amounts owed by group undertakings	-	-	4,991	2,876
Other debtors	3,633	6,368	828	3,415
Prepayments and accrued income	14,416	8,594	2,188	2,442
	28,775	20,101	10,067	9,582

16 Cash at bank

	Group 30 June 2015 \$'000	Group 31 December 2013 \$'000	Company 30 June 2015 \$'000	Company 31 December 2013 \$'000
Cash at bank and in hand	25,303	18,734	2,436	15,165
Monies held in escrow (restricted)	3,557	-	-	-
	28,860	18,734	2,436	15,165

Hakkasan Limited

Notes forming part of the financial statements
For the 18 month period ended 30 June 2015 (*continued*)

17 Creditors: amounts falling due within one year

	Group 30 June 2015 \$'000	Group 31 December 2013 \$'000	Company 30 June 2015 \$'000	Company 31 December 2013 \$'000
Trade creditors	23,730	9,158	4,443	4,235
Shareholder loans	70,273	266,006	70,273	266,006
Taxation and social security	1,436	2,659	1,384	2,391
Corporation tax	101	1,205	6	1,259
Other creditors	10,285	2,198	1,000	747
Accruals and deferred income	30,489	9,260	4,070	2,474
	<u>136,314</u>	<u>290,486</u>	<u>81,176</u>	<u>277,112</u>

The shareholder loan is unsecured and without any interest charge.

18 Creditors: amounts falling due after more than one year

	Group 30 June 2015 \$'000	Group 31 December 2013 \$'000	Company 30 June 2015 \$'000	Company 31 December 2013 \$'000
Deferred rent	9,488	1,595	-	-
Other loans	20,581	-	-	-
	<u>30,069</u>	<u>1,595</u>	<u>-</u>	<u>-</u>

Included within Other loans is an amount of \$20.0m which falls due for payment in December 2016 and on which interest of 7% is charged.

Hakkasan Limited

Notes forming part of the financial statements
For the 18 month period ended 30 June 2015 (*continued*)

19 Financial instruments

The Group financial instruments may be analysed as follows:

	Group 30 June 2015 \$'000	Group 31 December 2013 \$'000
Financial assets		
Financial assets measured at amortised cost	42,882	34,272
Financial liabilities		
Financial liabilities measured at amortised cost	124,869	11,356

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors, accrued income. Financial liabilities measured at amortised cost comprise trade creditors and other creditors, other payables and loans.

20 Provisions for liabilities

Group	Onerous lease \$'000	Total \$'000
At 1 January 2014	775	775
Charged to profit or loss	1,241	1,241
Utilised in period	(775)	(775)
At 30 June 2015	1,241	1,241

The onerous lease provision represents the directors' best estimate of the likely costs that will be incurred in relation to onerous leases held in a subsidiary undertaking.

The Company has no provisions.

Hakkasan Limited

Notes forming part of the financial statements
For the 18 month period ended 30 June 2015 (*continued*)

21 Equity

	30 June 2015 \$'000	31 December 2013 \$'000
(a) Ordinary shares		
<i>Allotted, called up and fully paid</i>		
100,000 ordinary shares of £1 each	149	149
(b) Non-share equity instrument		
	30 June 2015 \$'000	31 December 2013 \$'000
Non-share equity instrument	566,230	-

On 29 December 2014 a Deed was entered into whereby a Non-share Equity Instrument was issued to a third party in exchange for certain amounts owed to the ultimate parent company as Shareholder Loans. This represents a material non cash transaction which does not affect the cash flow statement. The Non-share Equity Instrument carries no voting rights or rights to receive distributions or dividends and no interest payable. Quarterly, the holder has the right but not the obligation to request redemption of the full amount but the company has the right to reject such a redemption request. If such a rejection is issued the amount due will increase.

(c) Reserves

Capital redemption reserve

The capital redemption reserve represents amounts transferred from share capital on the redemption of issued share capital.

Capital contribution reserve

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

Foreign exchange reserve

The foreign exchange reserve is the unrealised cumulative net gains and losses on the translation of the net assets and results of subsidiary undertakings which have a functional currency other than the US dollar.

Profit and loss reserves

The profit and loss reserves are the accumulated profit and losses from all the group's operations, less any distributions made.

Hakkasan Limited

Notes forming part of the financial statements For the 18 month period ended 30 June 2015 (continued)

22 Business combinations

With the exception of intangible assets not previously recognised in the books of the acquired entities, there are no material differences between the book value and the fair value of the assets and liabilities acquired in each of the business combinations.

(a) Acquisition of Lion Bar, LLC, HMCLV, LLC and Venue Driver, LLC

On 1 January 2014 the group acquired 100% of Lion Bar, LLC, HMCLV, LLC and Venue Driver LLC from a related party being a member of key management personnel for a combined consideration of \$75.0m paid by cash.

In calculating the goodwill arising on acquisition, the fair value of net assets of these entities has been assessed and adjustments from book value have been made where necessary.

	Fair value \$'000
Fixed assets	
Tangible	-
Intangible – management contract	8,438
	<hr/> 8,438
Current assets	
Stocks	-
Debtors	1,061
Cash at bank and in hand	2,972
	<hr/> 4,033
Total assets	<hr/> 4,033
Creditors	
Due within one year	(4,125)
	<hr/>
Fair value of net assets	8,346
Goodwill (note 11)	66,874
	<hr/>
Total purchase consideration (including expenses of \$220,000)	75,220
	<hr/>
Purchase consideration settled in cash, as above	75,220
Cash and cash equivalents in subsidiary acquired	(2,972)
	<hr/>
Cash outflow on acquisition	72,248
	<hr/>

The useful economic life of goodwill has been estimated to be 10 years as this reflects the directors' best estimate of the useful life of this asset. The results of Lion Bar, LLC, HMCLV, LLC and Venue Driver, LLC since its acquisition are as follows:

	Current period since Acquisition \$'000
Turnover	6,423
	<hr/>
Profit for the period	4,670
	<hr/>

Hakkasan Limited

Notes forming part of the financial statements
For the 18 month period ended 30 June 2015 (continued)

22 Business combinations (continued)

(b) Acquisition of the Enlightened Group

On 27th January 2014 the group acquired 100% of 6th and Island Investments, LLC, and 71% of H-FSD Holdings LLC, the 100% owner of 7th & C Investments, LLC, Searsucker Beverages, LLC, El Camino Hospitality, LLC, L J Eats, LLC and Sunset Eats, LLC for a combined consideration of \$32.5m paid by cash.

In calculating the goodwill arising on acquisition, the fair value of net assets of these entities has been assessed and adjustments from book value have been made where necessary.

	Fair value \$'000
Fixed assets	
Tangible	9,167
Intangible – brand	4,032
	<hr/> 13,199
Current assets	
Stocks	527
Debtors	1,344
Cash at bank and in hand	665
	<hr/>
Total assets	15,735
	<hr/>
Creditors	
Due within one year	(2,011)
Due after one year	(2,285)
Deferred rent	(533)
	<hr/>
Fair value of net assets	10,906
Minority interest	(2,690)
	<hr/>
Fair value of net assets acquired	8,216
Goodwill (note 11)	24,336
	<hr/>
Total purchase consideration (including expenses of \$52,000)	32,552
	<hr/>
Purchase consideration settled in cash, as above	32,552
Cash and cash equivalents in subsidiary acquired	(665)
	<hr/>
Cash outflow on acquisition	31,887
	<hr/>

The useful economic life of goodwill has been estimated to be 10 years as this reflects the directors' best estimate of the useful life of this asset.

Hakkasan Limited

Notes forming part of the financial statements
For the 18 month period ended 30 June 2015 (continued)

22 Business combinations (continued)

(b) Acquisition of The Enlightened Group (continued)

The results of 6th and Island Investments, LLC, 7th & C Investments, LLC, Searsucker Beverages, LLC, El Camino Hospitality, LLC, L J Eats, LLC and Sunset Eats, LLC since its acquisition are as follows:

	Current period since acquisition \$'000
Turnover	50,470
Loss for the period	(6,570)

(c) Acquisition of NMP Holdings LLC

On 17 March 2014 the group acquired 100% of NMP Holdings, LLC for a consideration of \$20.0m paid by cash.

In calculating the goodwill arising on acquisition, the fair value of net assets of these entities has been assessed and adjustments from book value have been made where necessary.

	Fair value \$'000
Fixed assets	
Tangible	276
Intangible	-
	276
Current assets	
Stocks	266
Debtors	795
Cash at bank and in hand	435
Total assets	1,772
Creditors	
Due within one year	(1,969)
Due after one year	(20,083)
Fair value of net liabilities	(20,280)
Goodwill (note 11)	40,280
Total purchase consideration (including expenses of \$Nil)	20,000
Purchase consideration settled in cash, as above	20,000
Cash and cash equivalents in subsidiary acquired	(435)
Cash outflow on acquisition	19,565

Hakkasan Limited

Notes forming part of the financial statements
For the 18 month period ended 30 June 2015 *(continued)*

22 Business combinations *(continued)*

(c) Acquisition of NMP Holdings LLC (continued)

The results of NMP Holdings, LLC since its acquisition are as follows:

	Current period since acquisition \$'000
Turnover	36,360
Loss for the period	(3,432)

The useful economic life of goodwill has been estimated to be 10 years as this reflects the directors' best estimate of the useful life of this asset.

(d) Acquisition of Hakkasan Restaurant, LLC

On 18 March 2014 the group acquired 100% of Hakkasan Restaurant, LLC for a consideration of \$13.066m paid by cash.

In calculating the goodwill arising on acquisition, the fair value of net assets of these entities has been assessed and adjustments from book value have been made where necessary.

	Fair value \$'000
Fixed assets	
Tangible	8,760
Current assets	
Stocks	738
Debtors - more than one year	386
Debtors - within one year	969
Cash at bank and in hand	831
Total assets	11,684
Creditors	
Due within one year	(5,648)
Fair value of net assets	6,036
Goodwill (note 11)	7,030
Total purchase consideration (including expenses of \$Nil)	13,066
Purchase consideration settled in cash, as above	13,066
Cash and cash equivalents in subsidiary acquired	(831)
Cash outflow on acquisition	12,235

Hakkasan Limited

Notes forming part of the financial statements
For the 18 month period ended 30 June 2015 (continued)

22 Business combinations (continued)

(d) Acquisition of Hakkasan Restaurant, LLC (continued)

The results of Hakkasan Restaurant, LLC since its acquisition are as follows:

	Current period since acquisition \$'000
Turnover	8,609
Loss for the year	(1,302)

The useful economic life of goodwill has been estimated to be 10 years as this reflects the directors' best estimate of the useful life of this asset.

Hakkasan Limited

Notes forming part of the financial statements
For the 18 month period ended 30 June 2015 *(continued)*

22 Business combinations *(continued)*

(e) Acquisition of Cosmo Entertainment, LLC

On 1 June 2014 the group acquired 51% of Cosmo Entertainment, LLC and its wholly-owned subsidiary West Beverly Group, LLC, together with its 73% holding in DBDJ, LLC for a combined consideration of \$5.842m paid by cash.

In calculating the goodwill arising on acquisition, the fair value of net assets of these entities has been assessed and adjustments from book value have been made where necessary.

	Fair value \$'000
Fixed assets	
Tangible	1,437
Intangible - brands	852
	<hr/> 2,289
Current assets	
Stocks	267
Debtors	412
Cash at bank and in hand	360
	<hr/>
Total assets	3,328
	<hr/>
Creditors	
Due within one year	(267)
Deferred rent	(62)
	<hr/>
Fair value of net assets	2,999
Minority interest	(1,620)
	<hr/>
Fair value of net assets acquired	1,379
Goodwill (note 11)	4,621
	<hr/>
Total purchase consideration (including expenses of \$158,000)	6,000
	<hr/>
Purchase consideration settled in cash, as above	6,000
Cash and cash equivalents in subsidiary acquired	(360)
	<hr/>
Cash outflow on acquisition	5,640
	<hr/>

Hakkasan Limited

Notes forming part of the financial statements
For the 18 month period ended 30 June 2015 *(continued)*

22 Business combinations *(continued)*

(e) Acquisition of Cosmo Entertainment, LLC (continued)

The results of Cosmo Entertainment, LLC, West Beverly Group, LLC and DBDJ, LLC since its acquisition are as follows:

	Current period since Acquisition \$'000
Turnover	9,511
Profit for the period	129

The useful economic life of goodwill has been estimated to be 10 years as this reflects the directors' best estimate of the useful life of this asset.

(f) Acquisition of HKK Hospitality

On 31 March 2014 the group acquired 100% of HKK Hospitality Limited from related parties being a member of key management personnel and a director of the company for a consideration of \$61.934m paid in cash.

The company had a management agreement covering services to the group which on acquisition had no value.

Hakkasan Limited

**Notes forming part of the financial statements
For the 18 month period ended 30 June 2015 (continued)**

22 Business combinations (continued)

(g) Acquisition of The Light Group

On 23 January 2015 the group acquired 90% of TLG Acquisition LLC for a cash consideration of \$34.34m and on 27 May 2015 acquired the remaining 10% for a consideration of \$3.6m paid in cash.

	Fair value \$'000
Fixed assets	
Tangible	143
Intangible – management contracts	35,572
	<hr/> 35,715
Current assets	
Debtors	3,496
Cash at bank and in hand	450
	<hr/>
Total assets	39,661
	<hr/>
Creditors	
Due within one year	(1,236)
	<hr/>
Fair value of net assets	38,425
	<hr/>
Goodwill (note 11)	-
	<hr/>
Total purchase consideration (including expenses of \$486,000)	38,425
	<hr/>
Purchase consideration settled in cash, as above	38,425
Cash and cash equivalents in subsidiary acquired	(450)
	<hr/>
Cash outflow on acquisition	37,975
	<hr/>

The useful economic life of goodwill has been estimated to be 10 years as this reflects the directors' best estimate of the useful life of this asset. The results of TLG Acquisition LLC since its acquisition are as follows:

	Current period since Acquisition \$'000
Turnover	3,756
	<hr/>
Profit for the period	3,227
	<hr/>

There was no material acquisitions in the period ended 31 December 2013.

Hakkasan Limited

Notes forming part of the financial statements
For the 18 month period ended 30 June 2015 (continued)

23 Commitments under operating leases

The group and the company had minimum lease payments under non-cancellable operating leases as set out below:

	30 June 2015 \$'000	31 December 2013 \$'000
Group		
Not later than one year	17,033	9,493
Later than 1 year and not later than 5 years	72,213	38,852
Later than 5 years	82,731	62,523
	<hr/>	<hr/>
Total	171,977	110,868
	<hr/>	<hr/>
Company		
Not later than one year	3,002	3,080
Later than 1 year and not later than 5 years	13,717	11,633
Later than 5 years	19,975	16,224
	<hr/>	<hr/>
Total	36,694	30,937
	<hr/>	<hr/>

24 Related party disclosures

The ultimate controlling party of the group is Tasameem Real Estate Company LLC, a company incorporated in Abu Dhabi.

The following analysis shows the amounts due to the company's ultimate controlling party at the opening and closing balance sheet dates and the transactions which took place during the 18 month period:

	\$'000
Opening balance	266,006
Advances in the period	373,917
Reduction on issue of Non-share equity instrument (note 21)	(566,230)
Foreign exchange	(3,420)
	<hr/>
Balance at 30 June 2015	70,273
	<hr/>

Other related parties transactions are referred to in note 22 and note 5.

Hakkasan Limited

Notes forming part of the financial statements
For the 18 month period ended 30 June 2015 (*continued*)

25 Capital commitments

	Group 30 June 2015 \$'000	Group 31 December 2013 \$'000	Company 30 June 2015 \$'000	Company 31 December 2013 \$'000
Contracted but not provided for	963	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>