Hakkasan Limited

Report and Financial Statements

Year ended

30 June 2016

Company Number 03488606

Hakkasan Limited

Report and financial statements
for the year ended 30 June 2016

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Directors

K Bin Butti
N Coleman
H Buttikhi
R Attieh

Registered office

3rd Floor, Elsley House, 24 – 30 Great Titchfield Street, London, W1W 8BF

Company number

03488606

Auditors

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

Hakkasan Limited

Strategic report
For the year ended 30 June 2016

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. The company operates restaurants, night and day clubs and receives income from management agreements.

Hakkasan Group's brand portfolio is organised into three verticals: the Asian Luxury Collection, the Social Dining Collection, and the Nightlife and Daylife Collection.

Asian Luxury	Social Dining	Nightlife & Daylife
Hakkasan	Herringbone	Hakkasan
Yauatcha	Searsucker	OMNIA
Sake no Hana	Nice Guy	Blind Dragon
HKK	Ivory on Sunset	SHOREbar
Ling Ling	Delilah	Bootsy Bellows
		The Peppermint Club

In addition to the owned brand portfolio, Hakkasan Group operates a white-label management service, creating concepts and managing venues for partners.

At 30 June 2016 our portfolio of owned and managed properties totalled 53.

The year to 30 June 2016 has primarily been a year of consolidation within the owned brand portfolio with no acquisitions and the opening of Herringbone in Santa Monica and the rebranding of Herringbone in Los Angeles to Ivory on Sunset. We also closed our Hakkasan restaurant in Los Angeles in July 2015. Since the year end we have opened two new Yauatcha restaurants in Waikiki (February 2017) and Houston (March 2017).

By contrast a year of much activity in the managed portfolio with new openings in Morocco and the USA and the signing of new agreements in Mexico, the Kingdom of Saudi Arabia, Norway and Indonesia which will begin to generate income in the following years. We opened Ling Ling in Oslo in April 2017.

Trading performance

The group's operations are based in the UK, USA, Dubai and China. Whilst the functional currency for the overseas operations are in Pounds Sterling, Dirham and Chinese Renminbi, the presentational currency for the group is US dollars.

The results for the year mark a significant improvement on the prior period, particularly given that period was an 18 month period and the strength of the dollar in the latter half of 2016 which reduced the dollar value of our overseas operations.

Turnover of \$338.9m for 2016 compared favourably to the 18 month turnover of \$396.2m (\$264.1m pro rata for 12 months and an increase of 28%).

After adjusting on a pro rata basis the 18 month period to 12 months – and applying the average rate for 2016 to the prior year amount for the UK operations – we recorded a 14% increase in UK revenues, driven mainly from Yauatcha in the City of London which opened in June 2015. Our Shanghai Hakkasan continues to perform well, with revenues increasing 44%; contrasted by an 8% fall in revenues from our Dubai Hakkasan. In the US, the core Hakkasan portfolio, including the nightclub in Las Vegas, saw a fall of 16% in revenues, excluding Hakkasan Los Angeles which closed in July 2015. The principal movement here was a reduction in revenue from the Hakkasan nightclub; however this was more than compensated for by the increase in revenue from the OMNIA nightclub, also in Las Vegas. The greatest contribution to the growth in revenues came from our acquisitions in 2014, increasing revenues by 132%, with the largest absolute and percentage growth coming from our OMINA nightclub in Las Vegas.

Trading performance *(continued)*

We continue to grow our fees from managed services increasing income from $8.3m (pro rata for the $12.4m fees earned in the 18 months to 30 June 2015) to $12.4m, an increase of 50%. The most significant reason being the full year contribution from the portfolio of properties acquired as part of the acquisition of The Light Group in January 2015.

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.

Adjusted EBITDA for the year was $18.7m compared to $6.4m for the 18 month period, which on a pro rata basis would be $4.3m and therefore an increase of over 300%.

The components of our adjusted EBITDA for the year ended 30 June 2016 were:

- Contribution from UK operations (excluding central overhead) of $12.1m
- A small loss from Rest of World of $0.2m
- Contribution from our core US Hakkasan operations of $11.3m, and a loss from the closure of Hakkasan Los Angeles of $1.6m
- Contribution from our acquired entities generating an EBITDA of $35.9m
- Central overhead to $38.8m

The group does not allocate central overhead to it's venues; if such an allocation policy was to be adopted the EBITDA noted above for the operations would be less as much of the increase in corporate overhead arises from the growth of those businesses, and in particular the acquired entities.

Balance sheet

There has been nothing of note in the comparable balance sheets. The directors have concluded there are no further impairments required to the carrying value of intangible assets as the underlying acquisitions continue to generate profits. There has been minimal activity in fixed assets in the year reflecting the fact the year has principally been one of consolidation of our owned properties. The net credit in the impairment charge in fixed assets reflects a reversal on one property of a previous impairment by $2m and impairments on two non-core properties.

Balance sheet *(continued)*

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

	2016 $'000	2015 $'000
Cash and cash equivalents	**39,696**	28,860
Other loans	**(23,000)**	(20,581)
Shareholder loans	**(98,775)**	(70,273)
Total	**(82,079)**	(61,994)

With total equity of $ 207.0m at 30 June 2016 (2015 - $249.1m) the gearing ratio (net debt as a proportion of total equity), is some 40% (2015 - 25%).

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:

	Year ended 30 June 2016	18 months to 30 June 2015
Turnover ($m)	**338.9**	396.2
As the prime measure of our economic output, revenue growth is key to measuring shareholder return and the success of our expansion strategies		
Gross margin (%)	**83.5%**	81.7%
Gross margin ($m)	**283.0**	323.5
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)	**18.7**	6.4
Adjusted EBITDA provides an indication of the cash profit from continuing operations generated by the group		

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.

Credit risk

There is little credit risk in the business with the vast majority of customers paying by cash or credit card.

Liquidity risk

The group monitors cash flow as part of its day to day control procedures and ensures that appropriate funding is available.

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.

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 introduced new legislation to increase the Minimum Wage to a National Living Wage which came into effect in April 2016.

Future developments

The group's principal strategic initiatives during the period were (i) to continue consolidating its acquisition of The Light Group, which was acquired in January 2015, (ii) to manage operational performance across its brand portfolio including with respect to owned venues such as Omnia Las Vegas and Omnia San Diego which opened just prior to the start of the fiscal year and managed outlets such as Herringbone Las Vegas and Jewel which opened during the period, (iii) to accelerate the group's evolution from a capital intensive ownership model to an asset light management model by leveraging the group's brand portfolio to attract partner-funded management deals. Going forward, the group intends to selectively fund development with an eye towards reducing up-front capital investment by focusing on brands that are less costly to open, such as Yauatcha and Ling Ling. In addition, the group will work with select landlords and partners on deal structures that will showcase existing brands, build equity in new brands, and spur growth while minimizing costs.

Post balance sheet events

Subsequent to the year end, the $20m loan repayable in full in December 2016 was part refinanced with $15m now due for payment in full in 2020.

Approval

This Strategic Report was approved on behalf of the Board on

Director K Bin Butti

Date: 24 July 2017

Directors

The directors of the company during the year and after the year end were:

N Moffitt	(resigned 14 April 2017)
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)
K Al-Qubaisi	(resigned 29 April 2016)
K Al-Mehairi	(resigned 29 April 2016)
C Tappendorf	(resigned 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

Details of Post balance sheet events are set out in the Strategic Report and in Note 25 to the financial statements.

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.

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

Director K Bin Butti

Date: 24 July 2017

TO THE MEMBERS OF HAKKASAN LIMITED

We have audited the financial statements of Hakkasan Limited for the year ended 30 June 2016 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).

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 2016 and of the group's loss for the year 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 year for which the financial statements are prepared is consistent with the financial statements.

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

Iain Henderson (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 24 July 2017

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

Hakkasan Limited

Consolidated income statement
For the year ended 30 June 2016

	Note	Year ended 30 June 2016 $'000	18 months ended 30 June 2015 $'000
Turnover	3	**338,930**	396,210
Cost of sales		**(55,854)**	(72,663)
Gross profit		**283,076**	323,547
Administrative expenses		**(336,240)**	(570,780)
Other operating income	8	**12,410**	12,403
Adjusted EBITDA *		**18,696**	6,443
Exceptional administrative expenses	5	**(6,458)**	(11,407)
Pre-opening expenses		**(815)**	(10,405)
Loss on disposal of fixed assets		**(261)**	(692)
Non-cash rent charge		**(1,842)**	(3,731)
Depreciation, amortisation and impairment		**(50,074)**	(215,038)
Operating loss	4	**(40,754)**	(234,830)
Share of loss from joint venture		**-**	(4,606)
Interest receivable and similar income	7	**2,738**	390
Interest payable and similar charges	7	**(18,300)**	(9,005)
Loss on ordinary activities before taxation		**(56,316)**	(248,051)
Tax (charge) / credit on loss on ordinary activities	9	**(315)**	1,072
Loss on ordinary activities after taxation		**(56,631)**	(246,979)

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 19 to 42 form part of these financial statements

Hakkasan Limited

Consolidated statement of comprehensive income
For the year ended 30 June 2016

	Year ended 30 June 2016 $'000	18 months ended 30 June 2015 $'000
Loss on ordinary activities after taxation	**(56,631)**	(246,979)
Currency translation differences	**10,824**	9,418
Other comprehensive income for the year / period	**10,824**	9,418
Total comprehensive loss for year / period	**(45,807)**	(237,561)
Loss attributable to:		
Non-controlling interest	**(880)**	(2,507)
Owners of the parent company	**(55,751)**	(244,472)
	(56,631)	(246,979)
Total comprehensive loss attributable to:		
Non-controlling interest	**(880)**	(2,507)
Owners of the parent company	**(44,927)**	(235,054)
	(45,807)	(237,561)

The notes on pages 19 to 42 form part of these financial statements

Hakkasan Limited

Consolidated balance sheet
At 30 June 2016

Company number 03488606	Note	2016 $'000	2016 $'000	2015 $'000	2015 $'000
Fixed assets					
Intangible assets	11		**102,159**		114,862
Tangible assets	12		**195,550**		230,309
			297,709		345,171
Current assets					
Stocks	14	**10,997**		11,045	
Debtors: amounts falling due after more than one year	15	**5,382**		3,611	
Debtors: amounts falling due within one year	15	**28,001**		28,775	
Cash at bank and in hand	16	**39,696**		28,860	
		84,076		72,291	
Creditors: amounts falling due within one year	17	**(130,408)**		(136,314)	
Net current liabilities			**(46,332)**		(64,023)
Total assets less current liabilities			**251,377**		281,148
Creditors: amounts falling due after more than one year	18		**43,994**		30,069
Provisions for liabilities	20		**1,575**		1,241
Capital and reserves					
Called up share capital	21	**149**		149	
Non-share equity instrument	21	**566,230**		566,230	
Capital redemption reserve		**1,011**		1,011	
Capital contribution reserve		**16,029**		13,179	
Foreign exchange reserve		**17,600**		6,776	
Profit and loss account		**(393,999)**		(338,248)	
Equity attributable to owners of the parent company			**207,020**		249,097
Non-controlling interests			**(1,212)**		741
			251,377		281,148

The financial statements were approved by the Board of Directors and authorised for issue on 24 July 2017

Director K Bin Butti

The notes on pages 19 to 42 form part of these financial statements

Hakkasan Limited

Consolidated statement of changes in equity
For the year ended 30 June 2016

	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									
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 19 to 42 form part of these financial statements

Hakkasan Limited

Consolidated statement of changes in equity
For the year ended 30 June 2016 *(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 July 2015	149	566,230	1,011	13,179	6,776	(338,248)	249,097	741	249,838
Comprehensive income for the year									
Loss for the year	-	-	-	-	-	(55,751)	(55,751)	(880)	(56,631)
Currency translation differences	-	-	-	-	10,824	-	10,824	-	10,824
Total comprehensive income for the year	-	-	-	-	10,824	(55,751)	(44,927)	(880)	(45,807)
Contributions by and distributions to owners									
Dividends to minorities	-	-	-	-	-	-	-	(1,073)	(1,073)
Capital contribution by external shareholders in certain subsidiaries	-	-	-	2,850	-	-	2,850	-	2,850
Total contributions by and distributions to owners	**-**	**-**	**-**	**2,850**	**-**	**-**	**2,850**	**(1,073)**	**1,777**
30 June 2016	**149**	**566,230**	**1,011**	**16,029**	**17,600**	**(393,999)**	**207,020**	**(1,212)**	**205,808**

The notes on pages 19 to 42 form part of these financial statements

Hakkasan Limited

Consolidated statement of cash flows
For the year ended 30 June 2016

	Note	Year ended 30 June 2016 $'000	18 months ended 30 June 2015 $'000
Cash flows from operating activities			
Loss for the financial year		**(56,631)**	(246,979)
Adjustments for:			
Depreciation and amortisation of fixed assets	11/12	**50,397**	54,981
Share of loss for the year of joint venture		**-**	4,606
Impairment (reversal) of fixed assets	11/12	**(323)**	160,057
Loss on disposal of fixed assets		**261**	692
Net interest payable		**15,562**	8,615
Taxation expense / (credit)	9	**315**	(1,072)
Increase in receivables		**(979)**	(730)
Decrease / (increase) in stocks		**48**	(1,635)
(Decrease) / increase in payables		**(14,869)**	23,616
Increase in provisions		**334**	466
Cash (used by) / generated from operations		**(5,885)**	2,617
Tax paid		**(416)**	(32)
Net cash(used by) / generated from operating activities		**(6,301)**	2,585
Cash flows from investing activities			
Purchases of tangible fixed assets	12	**(16,413)**	(117,196)
Purchases of intangible assets	11	**-**	(572)
Interest received		**293**	390
Proceeds from disposal of tangible fixed assets		**977**	-
Net investment in joint venture		**-**	(4,606)
Transfer of cash from (into) Escrow account		**3,557**	(3,557)
Purchase of subsidiary undertakings		**-**	(247,197)
Cash acquired with subsidiary undertakings		**-**	5,713
Net cash used in investing activities		**(11,586)**	(367,025)
Cash flows from financing activities			
Amounts advanced from shareholder		**30,000**	373,917
Capital contribution from external shareholders		**2,850**	-
Loan repayment		**(544)**	-
Note advanced		**3,000**	-
Interest paid		**(2,737)**	(2,161)
Dividends to minorities		**(683)**	(594)
Net cash from financing activities		**31,886**	371,162
Net increase in cash and cash equivalents (excluding cash in escrow)		**13,999**	6,722
Cash and cash equivalents at beginning of year		**25,303**	18,734
Foreign exchange gains and (losses)		**394**	(153)
Cash and cash equivalents at end of year		**39,696**	25,303
Cash and cash equivalents comprise:			
Cash at bank and in hand		**39,696**	25,303

The notes on pages 19 to 42 form part of these financial statements

Hakkasan Limited

Company balance sheet
At 30 June 2016

Company number 03488606	Note	2016 $'000	2016 $'000	2015 $'000	2015 $'000
Fixed assets					
Intangible assets	11		**136**		160
Tangible assets	12		**13,973**		18,432
Investments	13		**172,573**		190,453
			186,682		209,045
Current assets					
Stocks	14	**2,015**		2,177	
Debtors: amounts falling due after more than one year	15	**813**		953	
Debtors: amounts falling due within one year	15	**6,365**		10,067	
Cash at bank and in hand	16	**16,086**		2,436	
		25,279		15,633	
Creditors: amounts falling due within one year	17	**(78,480)**		(81,176)	
Net current liabilities			**(53,201)**		(65,543)
Total assets less current liabilities			**133,481**		143,502
Creditors: amounts falling due after more than one year	18		**30,835**		-
Capital and reserves					
Called up share capital	21	**149**		149	
Non-share equity instrument	21	**566,230**		566,230	
Capital redemption reserve		**1,011**		1,011	
Capital contribution reserve		**13,179**		13,179	
Foreign exchange reserve		**(14,425)**		4,885	
Profit and loss account		**(463,498)**		(441,952)	
			102,646		143,502
			133,481		143,502

The financial statements were approved by the Board of Directors and authorised for issue on 24 July 2017

Director K Bin Butti

The notes on pages 19 to 42 form part of these financial statements

Hakkasan Limited

Company statement of changes in equity
For the year ended 30 June 2016

	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 January 2014	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 19 to 42 form part of these financial statements

Hakkasan Limited

Company statement of changes in equity
For the year ended 30 June 2016 *(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	Total equity $'000
1 July 2015	149	566,230	1,011	13,179	4,885	(441,952)	143,502
Comprehensive income for the year							
Loss for the year	-	-	-	-	-	(21,546)	(21,546)
Currency translation differences	-	-	-	-	(19,310)	-	(19,310)
Total comprehensive income for the year	-	-	-	-	(19,310)	(21,546)	(40,856)
Contributions by and distributions to owners	-	-	-	-	-	-	-
30 June 2016	**149**	**566,230**	**1,011**	**13,179**	**(14,425)**	**(463,498)**	**102,646**

The notes on pages 19 to 42 form part of these financial statements

1 Accounting policies

Hakkasan Limited is a private company, incorporated in England and Wales under the Companies Act 2016. The address of the registered office is given on the company information page and the nature of the group and company operations and principal activity are set out in the Strategic Report.

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 year ended 30 June 2016, with the comparative period being the 18 months to 30 June 2015.

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 (see note 2).

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 January 2013.

1 Accounting policies *(continued)*

Going concern

The group's business activities together with the current financial position of the group are shown in the Strategic Report above. At 30 June 2016 the group had net current liabilities of $46.3m and net assets of $205.8m. Included within net current liabilities is an amount of $68.8m 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.

Turnover

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 and rental income from a sublet property. 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 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.

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. Reversal of goodwill impairments are not permitted under FRS102.

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.

Financial liabilities and equity

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

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 instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Finance costs

Finance costs are charged to the profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1 Accounting policies *(continued)*

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 licenses for which no amortisation is charged.

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.

1 Accounting policies *(continued)*

Current and deferred taxation (continued)

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 January 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 note.

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.

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

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

- Assets are considered for any indicators of impairment on an annual basis. In assessing whether any impairment is required to the carrying value of intangible assets the expected future profitability of the underlying acquired entities is considered. 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
- In assessing the amount of revenue recognised on management contracts, judgement as to the percentage of the total expected service completed at year end is made
- The assessment of onerous lease provisions is based on an estimate of the time taken to dispose of the underlying lease
- 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 and restrictions which may be place on the availability of those losses, no deferred tax asset has been recognised at this time

3 Analysis of turnover

	Year ended 30 June 2016 $'000	18 months ended 30 June 2015 $'000
Analysis of turnover by country of origin:		
United Kingdom	**60,572**	86,022
United States of America	**262,508**	290,357
Rest of World	**15,850**	19,831
	338,930	396,210

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

4 Operating loss

	Year ended 30 June 2016 $'000	18 months ended 30 June 2015 $'000
This is arrived at after charging / (crediting):		
Amortisation – intangible fixed assets	**12,703**	13,823
Impairment - intangible fixed assets	**-**	126,060
Depreciation - tangible fixed assets	**37,694**	41,158
Impairment charge / (reversal) - tangible fixed assets	**(323)**	33,997
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	**272**	531
Fees payable to the company's auditor and its associates for other services to the group: taxation services	**324**	477
Foreign exchange	**(31)**	234
Pre-opening expenses	**815**	10,405
Operating lease rentals:		
Plant and machinery	**560**	482
Other operating lease rentals	**18,065**	20,652
Inventories recognised as an expense	**55,854**	72,663

5 Exceptional administrative expenses

	Year ended 30 June 2016 $'000	18 months ended 30 June 2015 $'000
Management fees	**-**	5,348
Non-recurring directors' emoluments and CEO expenses	**1,161**	1,131
Onerous lease provision	**1,575**	1,241
Costs associated with an aborted project	**63**	2,187
Provision against amounts due from related parties	**904**	1,500
Aborted financing costs	**2,118**	-
Exceptional bad debt expense	**637**	-
	6,458	11,407

6 Directors and employees

	Year ended 30 June 2016 $'000	18 months ended 30 June 2015 $'000
Staff costs (including directors) consist of:		
Wages and salaries	**104,705**	123,936
Social security costs	**11,889**	14,365
Cost of defined contribution scheme	**785**	651
	117,379	138,952

At 30 June 2016 the amount of unpaid pension cost was $37,000 (2015 - $36,000)

The average number of employees (excluding directors) during the period was as follows:	Number	Number
Operations	**2,817**	2,658
Administration	**242**	168
	3,059	2,826

	Year ended 30 June 2016 $'000	18 months ended 30 June 2015 $'000
Directors' emoluments	**2,278**	2,362
Other Key Management emoluments	**1,787**	2,201
Total Key Management emoluments	**4,065**	4,563

There were no directors in the group's defined contribution pension scheme (2015 - Nil). Emoluments of the highest paid director were $2,249k (2015 - $2,362k). 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

Interest receivable and similar income	Year ended 30 June 2016 $'000	18 months ended 30 June 2015 $'000
Interest receivable	**293**	390
Foreign exchange net gain arising on cash at bank	**2,445**	-
	2,738	390

Interest payable and similar charges	Year ended 30 June 2016 $'000	18 months ended 30 June 2015 $'000
Interest payable on other loans	**3,828**	2,161
Foreign exchange net loss arising on amounts owed under Shareholder loans	**14,472**	6,844
	18,300	9,005

8 Other operating income

	Year ended 30 June 2016 $'000	18 months ended 30 June 2015 $'000
Other operating income	**12,410**	12,403

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

9 Taxation on loss on ordinary activities

	Year ended 30 June 2016 $'000	Year ended 30 June 2016 $'000	18 months Ended 30 June 2015 $'000	18 months ended 30 June 2015 $'000
UK corporation tax				
Withholding tax		**303**		-
Adjustment in respect of previous periods		**-**		(1,187)
		303		(1,187)
Foreign tax				
Current tax on foreign income for the year		**12**		115
Total current tax		**315**		(1,072)
Deferred tax				
Origination and reversal of timing differences	**-**		-	
Changes to tax rates	**-**		-	
		-		-
Taxation on loss from ordinary activities		**315**		(1,072)

9 Taxation on profit on ordinary activities *(continued)*

The tax assessed for the period is higher than (2015 – higher than) the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	Year ended 30 June 2016 $'000	18 months ended 30 June 2015 $'000
Loss on ordinary activities before tax	**(56,316)**	(248,051)
Loss on ordinary activities at the standard rate of Corporation tax in the UK of 20% (2015 – 21.2%)	**(11,263)**	(52,587)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**3,451**	15,756
Depreciation, amortisation and impairment in excess of tax allowances	**1,496**	23,028
Unrelieved tax losses carried forward	**6,555**	13,022
Unrelieved tax losses brought forward	**(356)**	-
Transfer pricing adjustments	**117**	829
State taxes	**12**	115
Short term timing differences	**-**	(48)
Withholding taxes	**303**	-
Overprovision from prior years	**-**	(1,187)
Total tax charge / (credit) for period	**315**	(1,072)

The group has unrecognised deferred tax assets for losses of $46.1 m (2015 - $38.1m), tangible fixed assets of $12.1m (2015 - $15.2m) and intangibles and goodwill of $20.7m (2015 - $22.1m). The company has unrecognised deferred tax assets for losses of $4.8m (2015 - $3.1m) and tangible fixed assets of $0.9m (2015 - $2.1m). 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 $21,546,000 (2015 – loss $326,607,000).

11 Intangible assets

Group	Brand and licences $'000	Goodwill on consolidation $'000	Management Contracts $'000	Total $'000
Cost or valuation				
At 1 July 2015	5,456	205,279	44,010	254,745
Addition to licenses	-	-	-	-
On acquisition of subsidiaries	-	-	-	-
At 30 June 2016	5,456	205,279	44,010	254,745
Amortisation				
At 1 July 2015	664	136,593	2,626	139,883
Impairment charge	-	-	-	-
Provision for period	488	7,814	4,401	12,703
At 30 June 2016	1,152	144,407	7,027	152,586
Net book value				
At 30 June 2016	**4,304**	**60,872**	**36,983**	**102,159**
At 30 June 2015	4,792	68,686	41,384	114,862

Company	Licences $'000
Cost and net book value	
At 1 July 2015	160
Foreign exchange	(24)
At 30 June 2016	**136**

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

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
Cost						
At 1 July 2015	288,321	3,078	27,205	21,386	15,963	355,953
Additions	2,125	1,675	342	623	2,367	7,132
Acquisition of subsidiaries	-	-	-	-	-	-
Transfers	3,624	(3,354)	1,422	1,723	(3,415)	-
Disposals	(1,714)	-	(281)	(300)	(30)	(2,325)
Exchange adjustments	(6,541)	(130)	(656)	(739)	(280)	(8,346)
At 30 June 2016	**285,815**	**1,269**	**28,032**	**22,693**	**14,605**	**352,414**
Depreciation						
At 1 July 2015	101,257	-	8,094	11,467	4,826	125,644
Provision for period	17,898	-	10,878	5,832	3,086	37,694
Impairment (reversal) / charge	(1,024)	-	101	521	79	(323)
Transfers	-	-	-	-	-	-
Disposals	(328)	-	(371)	(358)	(30)	(1,087)
Exchange adjustments	(3,860)	-	(492)	(491)	(221)	(5,064)
At 30 June 2016	**113,943**	**-**	**18,210**	**16,971**	**7,740**	**156,864**
Net book value						
At 30 June 2016	**171,872**	**1,269**	**9,822**	**5,722**	**6,865**	**195,550**
At 30 June 2015	187,064	3,078	19,111	9,919	11,137	230,309

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**
Cost						
At 1 July 2015	31,760	-	3,285	3,100	1,594	39,739
Additions	232	-	487	195	254	1,168
Foreign exchange	(4,720)	-	(535)	(480)	(258)	(5,993)
At 30 June 2016	**27,272**	**-**	**3,237**	**2,815**	**1,590**	**34,914**
Depreciation						
At 1 July 2015	15,535	-	2,337	2,167	1,268	21,307
Provision for period	2,248	-	309	341	174	3,072
Foreign exchange	(2,506)	-	(373)	(355)	(204)	(3,438)
At 30 June 2016	**15,277**	**-**	**2,273**	**2,153**	**1,238**	**20,941**
Net book value						
At 30 June 2016	**11,995**	**-**	**964**	**662**	**352**	**13,973**
At 30 June 2015	16,225	-	948	933	326	18,432

13 Fixed asset investments

Company

	Group undertakings $'000
Cost	
At 1 July 2015	569,533
Advances in the period	13,500
Foreign exchange	(86,020)
At 30 June 2016	**497,013**
Impairment	
At 1 July 2015	379,080
Impairment	1,363
Foreign exchange	(56,004)
At 30 June 2016	**324,440**
Net book value	
At 30 June 2016	**172,573**
At 30 June 2015	190,453

13 Fixed asset investments *(continued)*

Subsidiary undertakings, associated undertakings and other investments

The undertakings in which the company has interests in 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
Subsidiary undertakings				
Sake no Hana Limited	England	100	100	Restaurant
Chrysan Limited*	England	100	100	Restaurant
Hakkasan Hospitality Inc.	USA	100	100	Holding company
Hakkasan Hong Kong Limited	China	100	100	Dormant
Hakkasan Shanghai Limited	China	100	100	Restaurant
Hakkasan Restaurant LLC	UAE	100	100	Restaurant
HKK Hospitality Ltd	Guernsey	100	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
Yauatcha Houston LLC	USA	n/a	100	Restaurant
Yauatcha Waikiki LLC	USA	n/a	100	Restaurant
Lion Bar LLC*	USA	100	100	Dayclub management contract
Venue Driver LLC*	USA	100	100	Ticketing
NMP Holding LLC*	USA	100	100	Holding company
Touch LLC*	USA	100	100	Nightclub
Gladiator Bar, LLC*	USA	100	100	Restaurant
Hakkasan Fabric-Stingaree Holding LLC*	USA	100	100	Holding company
6th and Island Investments*	USA	100	100	Nightclub
H-FSD Holding LLC*	USA	71	71	Holding company
7th & C Investments LLC*	USA	71	71	Restaurant
El Camino Hospitality LLC*	USA	71	71	Restaurant
L J Eats LLC*	USA	71	71	Restaurant
Sunset Eats LLC*	USA	71	71	Restaurant
Las Vegas Eats LLC*	USA	71	71	Restaurant
Santa Monica Eats LLC*	USA	71	71	Dormant
Searsucker Austin LLC*	USA	71	71	Holding company
Searsucker Texas Holdings LLC*	USA	71	71	Holding company
Searsucker Beverage LLC*	USA	71	71	Restaurant
Waikiki Eats LLC	USA	n/a	71	Restaurant
Cosmo Entertainment LLC*	USA	51	47	Management company
West Beverly Group LLC*	USA	51	47	Nightclub
DBDJ LLC*	USA	37	34	Nightclub
Beverley Sherbourne LLC*	USA	51	47	Nightclub
Change the Channel LLC*	USA	n/a	9	Nightclub
755 Tacos LLC*	USA	n/a	47	Nightclub
Blind Dragon Franchising LLC*	USA	n/a	47	Franchising

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 B/fwd	C/fwd	Nature of business
Subsidiary undertakings (continued)				
Mason Chicago LLC*	USA	n/a	47	Restaurant
Mason SF LLC*	USA	n/a	47	Restaurant
58th Street Venture LLC*	USA	100	100	Holding company
J2 Enterprises Limited*	USA	51	51	Restaurant operation
58th Street Venture (IP) LLC*	USA	60	60	Holding company
TLG Acquisition, LLC*	USA	100	100	Holding company
The Light Group LLC*	USA	100	100	Management contract
DDD Holdings, LLC*	USA	100	100	Management contract
HHH Holdings, LLC*	USA	100	100	Management contract
YTLA Management, LLC*	USA	100	100	Management contract
LG Rocks, LLC*	USA	100	100	Management contract
LGD Management, LLC*	USA	100	100	Management contract
City Restaurant, LLC*	USA	100	100	Management contract
LG Piggy, LLC*	USA	100	100	Management contract
CBL Management, LLC*	USA	100	100	Management contract
BNC Entertainment, LLC*	USA	100	100	Management contract
Fix Management, LLC*	USA	100	100	Management contract
Yellowtail Restaurant, LLC*	USA	100	100	Management contract
Dancing Monkey, LLC*	USA	100	100	Management contract
Bare Pool Management, LLC*	USA	100	100	Management contract
REV Management, LLC*	USA	100	100	Management contract
Cranberry Restaurants, LLC*	USA	100	100	Management contract
MB Venues, LLC dba Citizens*	USA	100	100	Management contract
YSB Nightclub, LLC*	USA	100	100	Management contract
MB/RS Venues, LLC*	USA	100	100	Management contract
MB BC Management, LLC*	USA	100	100	Management contract
MB Venues, LLC* dba Kumi	USA	100	100	Management contract
Club Jungle Management, LLC*	USA	100	100	Management contract
Club Jungle Performers, LLC*	USA	100	100	Management contract
Bijou LLC*	USA	n/a	100	Management contract
City Club, LLC*	USA	100	100	Management contract
City Bar, LLC*	USA	100	100	Management contract
City Entertainment, LLC*	USA	100	100	Management contract
City Lounge, LLC*	USA	100	100	Management contract
LG BI, LLC*	USA	100	100	Management contract
HBLV, LLC*	USA	100	100	Management contract
Diablo's Cantina, LLC*	USA	100	100	Management contract
MC Steak, LLC*	USA	100	100	Management contract

* Indirectly held

14 Stocks

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Raw materials and consumables	**10,997**	11,045	**2,015**	2,177

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 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Other debtors	**5,382**	3,611	**813**	953

The other debtors are rent, utilities and other deposits of $4,507k (2015 - $2,736k) held jointly to the order of the individual group companies and the respective landlords under the terms of the lease, and $875k (2015 - $875k) for a Letter of Credit.

Due within one year	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Trade debtors	**10,153**	10,726	**1,954**	2,060
Amounts owed by group undertakings	**-**	-	**2,260**	4,991
Other debtors	**4,444**	3,633	**374**	828
Prepayments and accrued income	**13,404**	14,416	**1,777**	2,188
	28,001	28,775	**6,365**	10,067

16 Cash at bank

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Cash at bank and in hand	**39,696**	25,303	**16,086**	2,436
Monies held in escrow (restricted)	**-**	3,557	**-**	-
	39,696	28,860	**16,086**	2,436

17 Creditors: amounts falling due within one year

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Trade creditors	**14,564**	23,730	**2,640**	4,443
Shareholder loans	**8,858**	70,273	**68,775**	70,273
Other loans (see below)	**79,917**	-	-	-
Other taxes and social security costs	**1,936**	1,436	**1,699**	1,384
Corporation tax	-	101	-	6
Other creditors	**8,615**	10,285	**849**	1,000
Accruals and deferred income	**16,518**	30,489	**4,517**	4,070
	130,408	136,314	**78,480**	81,176

The shareholder loans are unsecured and without any interest charge. Other loans comprise two amounts: a $20.0m loan with interest of 7% and which fell due for payment in December 2016, and $59.9m which is unsecured and without any interest. In December 2016 $5.0m of the $20.9m loan was repaid – see also note 25.

18 Creditors: amounts falling due after more than one year

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Deferred rent	**10,957**	9,488	**835**	-
Shareholder loan	**30,000**	-	**30,000**	-
Note payable	**3,000**	-	-	-
Other liabilities	**37**	-	-	-
Other loans	-	20,581	-	-
	43,994	30,069	**30,835**	-

The Shareholder loan is repayable in full in August 2017 and on which interest of 8% is charged. The Note payable is repayable on 3 June 2019 and on which interest of 10% is charged.

19 Financial instruments

The Group financial instruments may be analysed as follows:

	Group 2016 $'000	Group 2015 $'000
Financial assets		
Financial assets measured at amortised cost	**57,486**	42,882
Financial liabilities		
Financial liabilities measured at amortised cost	**156,943**	124,869

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, accruals and loans.

20 Provisions for liabilities

Group	Onerous Lease 2016 $'000	Onerous Lease 2015 $'000
Opening balance	1,241	775
Charged to profit or loss	1,575	1,241
Utilised in period	(1,241)	(775)
Closing balance	**1,575**	**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.

21 Equity

(a) Ordinary shares

	2016	2015
	$'000	$'000
Allotted, called up and fully paid		
100,000 ordinary shares of £1 each	**149**	149

(b) Non-share equity instrument

	2016	2015
	$'000	$'000
Non-share equity instrument	**566,230**	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.

22 Commitments under operating leases

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

Group	2016 $'000	2015 $'000
Not later than one year	**19,560**	17,033
Later than 1 year and not later than 5 years	**82,192**	72,213
Later than 5 years	**88,623**	82,731
Total	**190,375**	171,977

Company	2016 $'000	2015 $'000
Not later than one year	**3,032**	2,626
Later than 1 year and not later than 5 years	**11,194**	12,215
Later than 5 years	**13,680**	19,223
Total	**27,906**	34,064

23 Related party disclosures and controlling party

The ultimate controlling party of the group at 30 June 2016 was Tasameem Real Estate Company LLC, a company incorporated in Abu Dhabi. On 18 August 2016 the entire ownership was transferred to Alliance International Investments LLC, a company incorporated in Abu Dhabi.

The following analysis shows the amounts due to the company's ultimate controlling party and other related parties at the opening and closing balance sheet dates and the transactions which took place during the year:

	2016 $'000	2015 $'000
Opening balance	70,273	266,006
Advances in the period	30,000	373,917
Reduction on issue of Non-share equity instrument	-	(566,230)
Foreign exchange	(1,498)	(3,420)
Closing balance	**98,775**	**70,273**

In addition provisions were made against amounts due from parties related to directors of the company for $904,000 (2015 - $1,500,000).

24 Capital commitments

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Contracted but not provided for	**2,000**	963	-	-

25 Post balance sheet events

On 18 August 2016 the entire share capital of the company was transferred to Alliance International Investments LLC, an Abu Dhabi registered entity.

On 12 April 2016 West Beverly Group LLC entered into a Unit Purchase Agreement to sell equity units to a third party. This sale was completed on 19 July 2016 with the result that Cosmo Entertainment LLC's ownership interest in West Beverly Group LLC was reduced from 100% to 50% (and the company's ownership interest was reduced from 51% to 23.5%). On 10 November 2016 West Beverly Group LLC entered into a subsequent Unit Purchase Agreement with another third party which completed on 6 December 2016 and further reduced Cosmo Entertainment LLC's ownership interest in West Beverly Group LLC from 50% to 45.5% (and further reduced the company's interest from 23.5% to 21.3%).

On 3 June 2016 Cosmo Entertainment LLC completed an equity financing transaction with a third party that reduced the company's ownership from 51% to a minority interest of 46.9%. In connection with the financing, Cosmo Entertainment LLC became party to a Second Amended and Restated Limited Liability Company Agreement. Certain provisions of this agreement including with respect to the appointment of officers and the exercise of voting rights (including certain matters requiring a supermajority vote) did not become effective until 1 July 2016 with the result that Cosmo Entertainment LLC is consolidated into the company's financial statements until that date. Commencing 1 July 2016 Cosmo Entertainment LLC will no longer be consolidated into the financial statements and will be accounted for under the equity method.

The company paid $5.0m of the $20.0m Other loan (see note 17) in December 2016 and entered into a new $15.0m loan on 31 January 2017. The new loan bears interest of 5.75% and has a maturity date on 31 January 2020.

On 5 January 2017 the company received a non-binding offer from a third party to acquire Hakkasan Restaurant LLC, the company's Hakkasan restaurant in Dubai. The company is evaluating the offer.

On 21 March 2017 SBE Entertainment Group announced it was in discussions to combine with Hakkasan Limited. As of the date of this report the formal merger has not occured.

On 20 April 2017 an affiliate of the company's shareholder provided $8.9m to provide liquidity for development projects and ongoing operational needs.