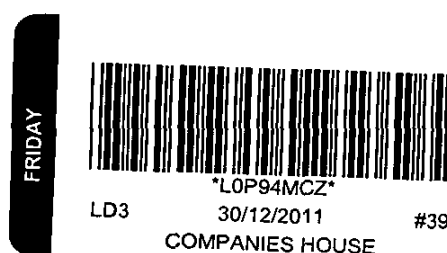


Lion/Katsu Investments Limited

Directors' report and financial statements
for the period ended 24 April 2011

Registered number 05448349



Lion/Katsu Investments Limited

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Lion/Katsu Investments Limited

Officers and professional advisors

Directors

G Farrell (Appointed 20 04 2011)
E Bellquist (Appointed 27 07 2011)

Registered Office

Waverley House
7-12 Noel Street
London
SW1X 7HF

Independent auditors

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham B3 2DT

Solicitors

Macfarlanes LLP
20 Cursitor Street
London
EC4A 1LT

Bankers

Lloyds TSB Bank plc
25 Gresham Street
London
EC2V 7HN

Registered Number

05448349

Lion/Katsu Investments Limited

Directors' report for the period ended 24 April 2011

The directors present their report and audited consolidated financial statements of the Group for the period ended 24 April 2011

Principal activities and review of the business

The Group operates a chain of Japanese style noodle bars in the UK trading through Wagamama Limited, and more recently Wagamama Inc , in the USA

The Group continued with its expansionary activities, with four new restaurants opening within this financial year. By the end of the period, the Group's estate had grown to 70 restaurants within the UK and 3 within the USA, as well as 35 restaurants operated under franchise agreements outside the UK

Turnover growth of +4.8% was generated primarily from recently opened restaurants. Operating profit excluding exceptional expenses/income increased by +22.1%

The directors see considerable potential for continuing expansion of the business, both in the UK and USA and will continue to follow a prudent growth programme

Principal risks and uncertainties

Foreign exchange risk

The Group's principal operating segment relates to the UK restaurant business, with the Group's US restaurant business not exposing the Group to significant foreign exchange risk. Furthermore, the Group does not have significant assets or liabilities denominated in foreign currencies

Accordingly the Group has not, to date, used any material financial instruments to mitigate its foreign exchange risk. The directors and UK management will keep this situation under review with the roll-out of the US restaurant business. However, as employees and suppliers of the US business are predominantly paid in US dollars acts as a natural hedge exists against foreign exchange risk

Credit risk

Trade receivables predominately arise from the Group's franchising business. The franchising business is immaterial to the Group's operations. Accordingly, the Group has no significant concentrations of credit risk. The Group has implemented policies that require appropriate credit checks on potential franchisees before sales are made

Credit risk also arises on short-term bank deposits. Short-term bank deposits are executed only with A-rated authorised counter-parties based on ratings issued by the major rating agencies. Counter-party exposure positions are monitored regularly so that credit exposures to any one counter party are within predetermined limits. Overall, the Group considers that it is not exposed to a significant amount of credit risk

Lion/Katsu Investments Limited

Directors' report for the period ended 24 April 2011 (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and short-term deposits and the availability of funding through an adequate amount of committed credit facilities

Cash flow and fair value interest rate risk

The Group finances its operations through a mixture of bank borrowings and loan notes. The Group borrows in sterling at fixed and floating rates, and where necessary uses interest rate swaps into fixed rates to generate the preferred interest rate profile and to manage its exposure to interest rate fluctuations.

Key performance indicators

The directors consider that the following are the key performance indicators in the Group

	24 April 2011	25 April 2010
	£'000	£'000
Turnover	114,907	109,610
Operating profit	8,044	9,652
Number of restaurants	73	69
Average number of employees	2,387	2,280

Financial instruments

The Group's treasury policies are designed to ensure that adequate financial resources are available for the development of the Group's businesses.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are consequently stated at amortised cost. Where the Group refinances its borrowings and such refinancing is substantially a new arrangement, unamortised issue costs relating to previous borrowings are accelerated to expense them in full by the date of refinancing. Such acceleration costs are treated as exceptional items.

Results and dividends

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

The company's loss for the period, after taxation, amounted to £12,894,000 (2010: £9,039,000). Particulars of dividends paid and proposed are detailed in note 10 to the accounts.

The directors have not recommended a dividend (2010: nil).

Lion/Katsu Investments Limited

Directors' report for the period ended 24 April 2011 (continued)

The directors

The directors who served the company during the period and up to the date of signing were as follows

D J Barbour	(Appointed 20 04 2011) (Resigned 27 07 2011)
R Darwent	(Resigned 20 04 2011)
G Farrell	(Appointed 20 04 2011)
L Lea	(Resigned 20 04 2011)
A von Paleske	(Resigned 20 04 2011)
E Bellquist	(Appointed 27 07 2011)

There are no entries in the register of directors' interests in relation to any of the directors

Policy on the payment of creditors

The group pays its creditors in accordance with the specific trade terms agreed. The company has no trade creditors and bank debt is paid on terms set out in the relevant loan agreement.

Disabled employees

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

Employee involvement

During the year, the policy of providing employees with information about the group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent 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 the company and of the profit or loss of the company and group 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Lion/Katsu Investments Limited

Directors' report for the period ended 24 April 2011 (continued)

Statement of Directors' responsibilities (continued)

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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Donations

During the year the Company made charitable donations of £11,493 (2010 £250) to The British Nutrition Foundation £9,743 and Brain Tumour Research £1,750.

Statement of disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved under section 418 the following applies:

- (a) So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) The directors have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the board



G Farrell
Director

1 August 2011

Company registered number 05448349

Independent auditors' report to the members of Lion/Katsu Investments Limited

We have audited the group and parent company financial statements (the "financial statements") of Lion/Katsu Investments Limited for the year ended 24 April 2011 which comprise the Group profit and loss account, the Consolidated statement of total recognised gains and losses, the Group and Company balance sheets, the Group cash flow statement 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 4 and 5 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 Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 24 April 2011 and of the group's loss and cash flows 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

Independent auditors' report to the members of Lion/Katsu Investments Limited (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 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



Matthew Mullins (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
3 August 2011.

Lion/Katsu Investments Limited

Group profit and loss account for the period ended 24 April 2011

	Notes	24 April 2011 £'000	25 April 2010 £'000
Turnover	2	114,907	109,610
Cost of sales		(63,877)	(61,073)
Gross profit		51,030	48,537
Administrative expenses before exceptional items		(38,547)	(38,311)
Exceptional administrative expenses	3	(4,439)	(722)
Administrative expenses		(42,986)	(39,033)
Other operating income		-	-
Exceptional operating income	3	-	148
Operating profit	3	8,044	9,652
Loss on disposal of fixed assets	3	-	(348)
Profit on ordinary activities before interest and taxation		8,044	9,304
Interest receivable	6	30	22
Interest payable and similar charges (2011 includes exceptional amortisation of £979,000 (2010 £305,000))	7	(12,745)	(10,803)
Loss on ordinary activities before taxation		(4,671)	(1,477)
Tax on loss on ordinary activities	8	(848)	629
Loss for the financial period	9	(5,519)	(848)

All of the activities of the Group are classed as continuing

There are no material differences between the loss on ordinary activities before taxation and the loss for the periods stated above and their historical cost equivalents

The Company has taken advantage of the Companies Act 2006 not to publish its own profit and loss account

Lion/Katsu Investments Limited

Consolidated statement of total recognised gains and losses for the period ended 24 April 2011


	24 April 2011	25 April 2010
	£'000	£'000
Loss for the financial year	(5,519)	(848)
Foreign exchange differences arising on consolidation	(281)	(374)
Total recognised losses in the year	(5,800)	(1,222)

Lion/Katsu Investments Limited

Group balance sheet as at 24 April 2011

	Notes	24 April 2011 £'000	25 April 2010 £'000
Fixed assets			
Intangible assets	11	59,698	63,912
Investments	12	–	–
Tangible assets	13	53,480	54,402
		113,178	118,314
Current assets			
Stocks	14	892	631
Debtors	15	4,716	3,966
Cash at bank and in hand		10,200	15,494
		15,808	20,091
Creditors' amounts falling due within one year	16	(64,977)	(20,055)
Net current (liabilities) / assets		(49,169)	36
Total assets less current liabilities		64,009	118,350
Creditors' amounts falling due after more than one year	17	–	(149,964)
		64,009	(31,614)
Provisions for liabilities and charges			
Deferred taxation	19	(2,620)	(2,412)
Net assets / (liabilities)		61,389	(34,026)
Capital and reserves			
Called-up share capital	22	101,215	–
Share premium account	23	1,326	1,326
Profit and loss account	23	(41,152)	(35,352)
Total shareholders' funds	24	61,389	(34,026)

The financial statements on pages 8 to 29 were approved by the board of directors on 1 August 2011 and signed on its behalf by


E Bellquist
Director

Lion/Katsu Investments Limited

Company balance sheet as at 24 April 2011

	Notes	24 April 2011 £'000	25 April 2010 £'000
Fixed assets			
Investments	12	106,465	65,447
Current assets			
Debtors	15	–	9
Cash at bank and in hand		–	–
		–	9
Creditors: amounts falling due within one year	16	(61,675)	(9,839)
Net current liabilities		(61,675)	(9,830)
Total assets less current liabilities		44,790	55,617
Creditors: amounts falling due after more than one year	17	–	(99,148)
Net assets / (liabilities)		44,790	(43,531)
Capital and reserves			
Called-up share capital	22	101,215	–
Share premium account	23	1,326	1,326
Profit and loss account	23	(57,751)	(44,857)
Total shareholders' funds		44,790	(43,531)

The financial statements on pages 8 to 29 were approved by the board of directors on 1 August 2011 and signed on its behalf by



E Bellquist
Director

Company registered number 05448349

Lion/Katsu Investments Limited

Group cash flow statement for the period ended 24 April 2011

	Notes	24 April 2011	25 April 2010
		£'000	£'000
Net cash inflow from operating activities	(a)	17,441	19,266
Returns on investments and servicing of finance			
Interest received		30	22
Interest paid		(6,198)	(6,335)
Expenses paid in connection with issue of debt		–	(305)
Net cash outflow from returns on investments and servicing of finance		(6,168)	(6,618)
Taxation		(770)	–
Capital expenditure			
Payments to acquire tangible fixed assets		(5,267)	(3,238)
Proceeds from disposal of tangible fixed assets		–	21
Net cash outflow from capital expenditure		(5,267)	(3,217)
Cash inflow before financing		5,236	9,431
Financing			
New bank loans		759	–
Repayment of bank loan		(11,272)	(750)
Redemption of loan notes		–	–
Repayment of deep discount bond		–	–
Net cash outflow from financing	(b)	(10,513)	(750)
(Decrease) / increase in cash	(c)	(5,277)	8,681

The notes on pages 15 to 29 form part of these accounts

Lion/Katsu Investments Limited

Group cash flow statement for the period ended 24 April 2011 (continued)

(a) Reconciliation of operating profit to net cash inflow from operating activities

	24 April 2011	25 April 2010
	£'000	£'000
Operating profit	8,044	9,652
Amortisation	4,214	4,213
Depreciation	5,984	5,309
Increase in stocks	(264)	42
Increase in debtors	(760)	147
Increase in creditors	223	(97)
Net cash inflow from operating activities	17,441	19,266

(b) Reconciliation of net cash flow to movement in net debt

	24 April 2011	25 April 2010
	£'000	£'000
Decrease / increase in cash in the period	(5,277)	8,681
Foreign exchange movements in cash	(17)	(80)
Net cash outflow / (inflow) from bank loans	10,513	1,055
Net cash outflow from loan notes	–	–
	10,513	1,055
Change in net debt arising from cash flows	5,219	9,656
Amortisation of loan issue fees	(1,270)	(596)
Accrued loan issue fees	–	–
Bank loans repaid by inter-company account	84,800	–
Loan notes repaid by inter-company account	64,268	–
Inter group loan paid through inter-company	(47,559)	–
Rolled up interest	(5,316)	(3,934)
Change in net debt	100,142	5,126
Opening net debt	(137,501)	(142,627)
Net debt at 24 April 2011	(37,359)	(137,501)

Lion/Katsu Investments Limited

Group cash flow statement for the period ended 24 April 2011 (continued)

(c) Analysis of changes in net debt

	At 25 April 2010	Cash flows	Other non- cash changes	At 24 April 2011
	£'000	£'000	£'000	£'000
Net cash				
Cash in hand and at bank	15,494	(5,277)	(17)	10,200
Debt				
Debt due within 1 year	(3,031)	3,031	(47,559)	(47,559)
Debt due after 1 year	(149,964)	7,482	142,482	–
	(152,995)	10,513	94,923	(47,559)
Net debt	(137,501)	5,236	94,906	(37,359)

Non-cash changes

	24 April 2011	25 April 2010
	£'000	£'000
Foreign exchange movements in cash	(17)	(80)
Amortisation of loan issue fees	(1,270)	(291)
Rolled up interest	(5,316)	(3,934)
Bank loans repaid through inter-company	84,800	–
Loan notes repaid through inter-company	64,268	–
Inter group loan paid through inter-company	(47,559)	–
Accrued loan issue fees	–	–
	94,906	(4,305)

Lion/Katsu Investments Limited

Notes to the financial statements for the period ended 24 April 2011

1 Accounting policies

Basis of accounting

The accounts have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards. The principal accounting policies are set out below.

The financial statements are prepared for the period up to the Sunday closest to 30 April. Consequently, the financial statements for the current period are for the period ended 24 April 2011 whilst the comparative period ended 25 April 2010.

Basis of consolidation

The consolidated accounts incorporate the accounts of the Company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over twenty years from the year of acquisition. The results of companies acquired or disposed of are included in the group profit and loss account after or up to the date that control passes respectively. As a consolidated group profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group accounts by virtue of the Companies Act 2006.

Related parties transactions

The Company has taken advantage of the exemption provided by FRS 8 from disclosing transactions with Group companies on the basis that those companies are wholly owned and included in these consolidated accounts.

Turnover

The turnover shown in the profit and loss account represents the value of goods and services provided during the year, stated net of value added tax.

Franchise fees

Franchise fees comprise on-going fees based on results of the franchisee and initial start-up and additional opening start-up fees. Total revenue is accrued in line with performance once revenue can be reliably measured.

Goodwill

Purchased goodwill and that arising on consolidation is amortised through the profit and loss account over the directors' estimate of its useful life.

Lion/Katsu Investments Limited

Notes to the financial statements for the period to 24 April 2011 (continued)

1 Accounting policies (continued)

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure

Amortisation

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

Goodwill	–	over 20 years
Trademarks / Licences	–	up to 20 years

Depreciation

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

Leasehold property	–	over the period of the lease
Restaurant and office equipment	–	over 3 to 10 years

Stocks

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

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease. Lease incentives are recognised on a straight line basis over the period to the date rent reverts to market value

Pension costs

The group makes payments into the personal pension schemes of certain of its employees but does not operate any scheme itself

Deferred taxation

Deferred taxation is provided on all timing differences, without discounting, calculated at the rate at which it is estimated that tax will be payable, except where otherwise required by accounting standards

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. All exchange differences are taken to the profit and loss account. Exchange differences arising from consolidation of foreign entities are recognised directly in reserves

Lion/Katsu Investments Limited

Notes to the financial statements for the period to 24 April 2011 (continued)

1 Accounting policies (continued)

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2 Turnover

The turnover and operating profit for the year was derived from the company's principal continuing activity which was carried out primarily in the UK.

3 Operating profit

Operating profit is stated after charging

	24 April 2011	25 April 2010
	£'000	£'000
Amortisation	4,214	4,213
Depreciation of owned fixed assets	5,984	5,054
Foreign exchange losses/(gains)	-	62
Auditors' remuneration - as auditors	65	69
- for taxation services	52	53
- for other services	500	6
Operating lease costs - land and buildings	8,988	8,397
Exceptional administrative expenses	4,439	722
Exceptional operating income	-	(148)

Of the auditors' remuneration as auditors, £5,000 related to the audit of Lion/Katsu Investments Limited and the consolidation, and £60,000 related to the audit of subsidiary companies (2010 £5,000 and £60,000 respectively).

Lion/Katsu Investments Limited

Notes to the financial statements for the period to 24 April 2011 (continued)

3 Operating profit (continued)

For the period ended 24 April 2011, the exceptional administrative expenses incurred comprise costs relating to the sale of the Group to Mabel Bidco Limited (£2,272,000), costs arising from a major distributor to the Group going into administration (£1,098,000), the impairment of leasehold assets that have principally been written down to their recoverable amount (£769,000) and provision for onerous lease costs (£300,000)

For the period ended 25 April 2010, the exceptional administrative expenses incurred are costs relating to scaling back the expansion plans of the business in relation to the downturn. The exceptional operating income relates to two insurance claims made in respect of temporary restaurant closures. A profit of £183,000 was made on assets replaced as a result of the temporary restaurant closures and has been recognised as a non operating exceptional item in 2010

4 Particulars of employees

The average number of staff (including directors) employed by the group during the financial period amounted to

	24 April 2011	25 April 2010
	No	No
Number of staff	2,387	2,280

The aggregate payroll costs of the above were

	24 April 2011	25 April 2010
	£'000	£'000
Wages and salaries	35,414	35,293
Social security costs	3,099	3,018
Other pension costs	169	163
	38,682	38,474

The Company has no employees (2010 none)

Lion/Katsu Investments Limited

Notes to the financial statements for the period to 24 April 2011 (continued)

5 Director's emoluments

	24 April 2011	25 April 2010
	£'000	£'000
Emoluments	734	1,273
Value of company pension contributions to money purchase schemes	87	82
Compensation for loss of office	367	-
	1,188	1,355

Emoluments of highest paid director

	24 April 2011	25 April 2010
	£'000	£'000
Total emoluments (excluding pension contributions)	515	323
Value of company pension contributions to money purchase schemes	18	25
	533	348

The number of directors to whom pension benefits are accruing at the year end is 3 (2010 4)

No directors received emoluments in respect of their services to the parent company

6 Interest receivable

	24 April 2011	25 April 2010
	£'000	£'000
Bank interest receivable	30	22
	30	22

Lion/Katsu Investments Limited

Notes to the financial statements for the period to 24 April 2011 (continued)

7 Interest payable and similar charges

	24 April 2011	25 April 2010
	£'000	£'000
Interest payable on bank borrowing	6,144	6,273
Loan notes interest	5,316	3,934
Other similar charges	2	-
Interest payable to group companies	13	-
Amortisation of loan fees	1,270	596
	12,745	10,803

During 2011, £979,000 of capitalised loan fees were expensed as exceptional amortisation after the repayment of the bank debt. During 2010, £305,000 loan covenant reset fees were expensed as exceptional amortisation. The issue costs associated with the bank loans are amortised over the life of the instruments in accordance with FRS 4.

8 Taxation on ordinary activities

(a) Analysis of charge in the period

	24 April 2011	25 April 2010
	£'000	£'000
Current tax:		
UK Corporation tax based on the results for the year at 27.86% (2010 28%)	736	148
Prior year adjustment	(96)	(424)
Deferred tax:		
Origination and reversal of timing differences – current year	201	(985)
Origination and reversal of timing differences – prior year	7	632
Tax on loss on ordinary activities	848	(629)

Lion/Katsu Investments Limited

Notes to the financial statements for the period to 24 April 2011 (continued)

8 Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period differs from the standard rate of corporation tax in the UK of 28% (2010 28%)

	24 April 2011	25 April 2010
	£'000	£'000
Loss on ordinary activities before taxation	(4,671)	(1,477)
Loss on ordinary activities multiplied by rate of tax (27.86%) (2010 28%)	(1,301)	(414)
Effects of		
Expenses not deductible for taxation purposes	2,321	751
Timing differences on fixed asset depreciation	(439)	(632)
Unused tax losses	194	553
Differences in tax rates	(39)	(110)
Prior year adjustment	(96)	(424)
Total current tax (note 8(a))	640	(276)

(c) Factors affecting future tax charges

No provision has been made for a deferred tax asset on the basis that there is insufficient evidence that the asset will be recoverable in the foreseeable future

The standard rate of Corporation Tax in the UK changed to 26% with effect from 1 April 2011

9 Loss attributable to members of the parent company

The loss dealt with in the accounts of the parent company was £12,894,000 (2010 £9,039,000)

10 Dividends

No dividends have been proposed or paid in respect of the year (2010 nil)

Lion/Katsu Investments Limited

Notes to the financial statements for the period to 24 April 2011 (continued)

11 Intangible fixed assets

Group	Goodwill	Trademarks	Total
	£'000	£'000	£'000
Cost			
At 25 April 2010	83,604	617	84,221
Additions	-	-	-
At 24 April 2011 and 25 April 2010	83,604	617	84,221
Amortisation			
At 25 April 2010	19,936	373	20,309
Charge for the period	4,180	34	4,214
At 24 April 2011	24,116	407	24,523
Net book value			
At 24 April 2011	59,488	210	59,698
At 25 April 2010	63,668	244	63,912

12 Investments

Company	Group companies
	£'000
Cost	
At 25 April 2010	65,447
Additions	41,018
At 24 April 2011	106,465
Net book value	
At 24 April 2011	106,465
At 25 April 2010	65,447

Lion/Katsu Investments Limited

Notes to the financial statements for the period to 24 April 2011 (continued)

12 Investments (continued)

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

	Location	Nature of business
Ramen Holdings Limited	England and Wales	Holding company
Ramen USA Limited	England and Wales	Holding company
Wagamama USA Holdings, Inc*	Delaware, USA	Holding company
Wagamama, Inc*	Delaware, USA	Restaurant chain
Ramen Limited *	England and Wales	Holding company
Ramen Acquisitions Limited*	England and Wales	Holding company
Wagamama Group Limited*	England and Wales	Holding company
Wagamama Limited*	England and Wales	Restaurant chain

* Indirectly owned

In addition, the group owns a number of dormant companies

The Directors consider the value of the investments to be supported by their underlying assets

Lion/Katsu Investments Limited

Notes to the financial statements for the period to 24 April 2011 (continued)

13 Tangible fixed assets

Group	Leasehold property £'000	Restaurant and office equipment £'000	Total £'000
Cost			
At 25 April 2010	58,040	22,677	80,717
Additions	3,335	2,058	5,393
Foreign Exchange Difference	(331)	(65)	(396)
At 24 April 2011	61,044	24,670	85,714
Depreciation			
At 25 April 2010	13,941	12,374	26,315
Charge for the period	2,669	2,546	5,215
Impairments (see note 3)	769	-	769
Foreign Exchange Difference	(43)	(22)	(65)
At 24 April 2011	17,336	14,898	32,234
Net book value			
At 24 April 2011	43,708	9,772	53,480
At 25 April 2010	44,099	10,303	54,402

14 Stocks

	24 April 2011		25 April 2010	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Food and other consumables	781	-	545	-
Merchandising	111	-	86	-
	892	-	631	-

Lion/Katsu Investments Limited

Notes to the financial statements for the period to 24 April 2011 (continued)

15 Debtors

	24 April 2011		25 April 2010	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Trade debtors	1,560	-	1,253	-
Amounts owed by group undertakings	617	-	227	-
Other debtors and prepayments	2,539	-	2,486	9
	4,716	-	3,966	9

Group debtors includes rental deposits of £116,125 (2010 £188,946) which are receivable in more than one year

Company debtors include amounts due from group undertakings which are receivable in more than one year. Interest is charged on amounts due from group undertakings at a rate of 3.20% (2010 3.50%) per annum

16 Creditors: amounts falling due within one year

	24 April 2011		25 April 2010	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Bank loans	-	-	3,031	-
Trade creditors	6,596	-	6,025	-
Amounts owed to group undertakings	47,559	61,504	-	9,649
Other taxation and social security	4,010	-	3,485	-
Other creditors	808	-	778	-
Accruals and deferred income	5,992	171	6,588	190
Corporation tax	12	-	148	-
	64,977	61,675	20,055	9,839

Interest is charged on amounts due to group undertakings at a rate of 3.20% (2010 3.50%) per annum

Lion/Katsu Investments Limited

Notes to the financial statements for the period to 24 April 2011 (continued)

17 Creditors: amounts falling due after more than one year

	24 April 2011		25 April 2010	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Bank loans	-	-	91,012	40,196
Loan notes	-	-	58,952	58,952
	-	-	149,964	99,148

18 Creditors - capital instruments

Creditors include finance capital which is due for repayment as follows

	24 April 2011		25 April 2010	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Amounts repayable				
In one year or less or on demand	-	-	3,031	-
In more than one year but not more than two years	-	-	4,281	-
In more than two years but not more than five years	-	-	13,781	-
In more than five years	-	-	133,172	99,750
			154,265	99,750
Unamortised loan issue expenses	-	-	(1,270)	(602)
	-	-	152,995	99,148

On the 20 April 2011, Lion/Katsu Investments s a r l the ultimate holding company of this Group, was acquired by Mabel Bidco Limited. The bank loans and outstanding loan notes were settled through inter-company accounts.

The external bank debt held by the Group is secured by a floating and fixed charge over the assets and rights of the Group.

In the period end 24 April 2010, the loan notes were held by the parent company, Lion Katsu Investments S a r l. Interest was rolled up on a compound basis at commercial rates. These were settled on acquisition through inter-company accounts.

Lion/Katsu Investments Limited

Notes to the financial statements for the period to 24 April 2011 (continued)

18 Pension commitments

The group contributes to the personal pensions schemes of certain of its employees. The pension cost charge represents contributions payable by the group to the schemes and amounted to £168,775 (2010: £162,572).

19 Deferred taxation

The movement in the deferred taxation provision during the year was

	24 April 2011		25 April 2010	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Provision brought forward	2,412	-	2,765	-
Movement in provision – current year	201	-	(985)	-
Movement in provision – prior year	7	-	632	-
Provision carried forward	2,620	-	2,412	-

The deferred tax provision represents capital allowances received in excess of depreciation.

The effect of the changes expected to be enacted in the Finance Act 2011 would be to reduce the deferred tax liability provided at the balance sheet date by £100,764. This decrease in the deferred tax liability is due to the reduction in the corporation tax rate from 26 per cent to 25 per cent with effect from 1 April 2012.

20 Commitments under operating leases

At 24 April 2011 the group had annual commitments under non-cancellable operating leases as set out below:

Group	Land and buildings	
	25 April 2011	26 April 2010
	£'000	£'000
Operating leases which expire		
After more than 5 years	8,575	7,894
	8,575	7,894

At the period end the Group had capital commitments of £151,000 (2010: £nil).

Lion/Katsu Investments Limited

Notes to the financial statements for the period to 24 April 2011 (continued)

21 Related party transactions

At the start of the period, the company had PIK notes in issue held by Lion/Katsu Investments S a r l , the group's ultimate parent company, in the amount of £58,952,000 (2010 £55,018,000). Interest on these notes amounted to £5,316,000 in the period (2010 £3,934,000). On 20 April 2011, the PIK notes were fully repaid.

During 2009, Wagamama Limited purchased shares in Lion/Katsu Investments S a r l , it's ultimate parent company, from a director of the company who resigned during the prior period. At the end 26 April 2010 these shares were cancelled.

At 24 April 2011, expenses paid by the Group on behalf of Lion/Katsu Investments S a r l , the company's parent company totalled £390,000 (2010 £86,000). The amount outstanding at the end of the current period totalled £617,000 (2010 £227,000).

22 Share capital

	25 April 2011	26 April 2010
Authorised share capital		
Ordinary shares of £1 each (Number)	-	1,000
Allotted, called up and fully paid		
101,215,097 Ordinary shares of £1 each (£'000)	101,215	-

On the 20 April 2011, the Company issued 101,215,093 £1 ordinary shares at par to Mabel Bidco Limited, it's immediate parent company. On 20 April 2011, the Company ceased to have an authorised share capital in accordance with the Companies Act 2006.

23 Reserves

Group	Share premium account £'000	Profit and loss account £'000
Balance brought forward	1,326	(35,352)
Loss for the period	-	(5,800)
Balance carried forward	1,326	(41,152)

Lion/Katsu Investments Limited

Notes to the financial statements for the period to 24 April 2011 (continued)

24 Reserves (continued)

Company	Share premium account	Profit and loss account
	£'000	£'000
Balance brought forward	1,326	(44,857)
Loss for the period	-	(12,894)
New equity share capital subscribed	-	-
Balance carried forward	1,326	(57,751)

24 Reconciliation of movements in shareholders' funds

Group	25 April 2011	26 April 2010
	£'000	£'000
Loss for the financial period	(5,800)	(1,222)
Issue of ordinary shares	101,215	-
Net increase / (decrease) in shareholders' funds	95,415	(1,222)
Opening shareholders' funds	(34,026)	(32,804)
Closing shareholders' funds	61,389	(34,026)

25 Ultimate parent undertaking

These consolidated accounts are the largest and smallest group in which Lion/Katsu Investments Limited and its subsidiaries are consolidated. On the 20 April 2011, Mabel Bidco Limited acquired Lion/katsu Investments S a r l, a company incorporated in Luxembourg. The immediate parent undertaking is Mabel Topco Limited. The ultimate controlling party is Duke Street Capital LLP.