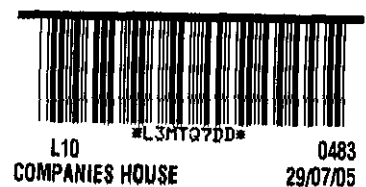


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YO! Sushi UK Limited

Report and Accounts
28 November 2004

**Rees Pollock
Chartered Accountants**



OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors	R Rowland Z Tindall G Thomas
Company Secretary	Z Tindall
Registered Office	95 Farringdon Road Clerkenwell London EC1R 3BT
Auditors	Rees Pollock 7 Pilgrim Street London EC4V 6DR
Bankers	Barclays Bank plc 50 Pall Mall London SW1A 1QA
Registered Number	2994470

DIRECTORS' REPORT

The directors present their report and the accounts of the company for the period from 1 December 2003 to 28 November 2004.

Principal activities and review of the business

The principal activity of the company during the year continued to be the operation of restaurants, bars and event catering.

Results and dividends

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

The directors have not recommended a dividend.

Directors

The directors who served the company during the period were as follows:

R Rowland
Z Tindall
G Thomas

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the accounts of the parent company.

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company at the end of the period and of the profit or loss for the period then ended. In preparing those accounts, the directors are required to:

- select suitable accounting policies, as described on pages 7 to 8, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Disabled employees

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

Employee involvement

The company pursues a policy of providing employees with information about the company and employees have been encouraged to present their suggestions and views on the company's performance.

Auditors

A resolution to re-appoint Rees Pollock as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



Z Tindall
Company Secretary
21 March 2005



REES POLLOCK

Chartered Accountants

35 New Bridge Street

London EC4V 6BW

Telephone 020 7778 7200

Fax 020 7329 6408

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YO! SUSHI UK LIMITED

We have audited the accounts on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 8.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 28 November 2004 and of its profit for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

Rees Pollock
Chartered Accountants
Registered Auditors
22 March 2005

PROFIT AND LOSS ACCOUNT

for the period from 1 December 2003 to 28 November 2004

	Note	Period from 1 Dec 03 to 28 Nov 04 £	Period from 2 Dec 02 to 30 Nov 03 £
TURNOVER	2	13,832,795	12,706,931
Cost of sales		(3,637,542)	(3,478,144)
GROSS PROFIT		10,195,253	9,228,787
Administrative expenses		(9,646,381)	(8,896,357)
OPERATING PROFIT	3	548,872	332,430
Interest receivable		7,044	364
Interest payable	6	(201,537)	(256,219)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		354,379	76,575
Tax on profit on ordinary activities	7	(107,337)	(35,930)
RETAINED PROFIT FOR THE FINANCIAL PERIOD		247,042	40,645
Balance brought forward		(463,122)	(503,767)
Balance carried forward		(216,080)	(463,122)

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

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

YO! Sushi UK Limited

BALANCE SHEET
at 28 November 2004

	Note	28 Nov 04 £	30 Nov 03 £
FIXED ASSETS			
Intangible assets	8	70,912	63,793
Tangible assets	9	3,923,667	3,559,158
		<u>3,994,579</u>	<u>3,622,951</u>
CURRENT ASSETS			
Stocks	10	137,571	149,813
Debtors	11	789,722	754,326
Cash at bank		1,120,346	405,639
		<u>2,047,639</u>	<u>1,309,778</u>
CREDITORS: amounts falling due within one year	12	4,459,092	2,710,375
		<u></u>	<u></u>
NET CURRENT LIABILITIES		(2,411,453)	(1,400,597)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,583,126</u>	<u>2,222,354</u>
CREDITORS: amounts falling due after more than one year	13	1,575,000	2,504,169
		<u>8,126</u>	<u>(281,815)</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	16	104,206	61,307
		<u>(96,080)</u>	<u>(343,122)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	20	1,000	1,000
Share premium account		119,000	119,000
Profit and loss account		<u>(216,080)</u>	<u>(463,122)</u>
DEFICIENCY	21	<u>(96,080)</u>	<u>(343,122)</u>

R Rowland
Director

21 March 2005



The notes on pages 7 to 15 form part of these accounts.

NOTES TO THE ACCOUNTS

for the period from 1 December 2003 to 28 November 2004

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the accounts on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

The turnover shown in the Profit and Loss account represents the amount of goods and/or services provided during the period, stated net of value added tax.

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:

Trademarks - over 3 to 5 years

Fixed assets

All fixed assets are initially recorded at cost.

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 term of the lease
Plant & Machinery - over 3 to 5 years
Motor Vehicles - over 3 to 5 years

Stocks

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

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding, and the capital element which reduces the outstanding obligation for future instalments.

NOTES TO THE ACCOUNTS

for the period from 1 December 2003 to 28 November 2004

1. ACCOUNTING POLICIES *(continued)*

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.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

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.

Going concern

The company continues to trade profitably and within its existing facilities. This fact, along with the continued support of its parent company, leads the directors to believe that the use of the going concern basis in the preparation of the accounts is appropriate.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	Period from 1 Dec 03 to 28 Nov 04 £	Period from 2 Dec 02 to 30 Nov 03 £
United Kingdom	13,530,713	12,496,662
Middle East	37,598	51,951
Europe	264,484	158,318
	<u>13,832,795</u>	<u>12,706,931</u>

Turnover attributable to the Middle East and Europe relates to fees received in respect of overseas franchising. All other turnover relates to the company's principal activity.

NOTES TO THE ACCOUNTS

for the period from 1 December 2003 to 28 November 2004

3. OPERATING PROFIT

Operating profit is stated after charging:

	Period from 1 Dec 03 to 28 Nov 04	Period from 2 Dec 02 to 30 Nov 03
	£	£
Amortisation	24,000	25,091
Depreciation of owned fixed assets	721,087	562,455
Depreciation of assets held under finance lease agreements	154,416	330,621
Loss on disposal of fixed assets	40,352	—
Auditors' remuneration		
- as auditors	24,000	24,000
Operating lease costs:		
- land and buildings	1,761,063	1,551,216
Net loss on foreign currency translation	9,989	—

4. PARTICULARS OF EMPLOYEES

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

	Period from 1 Dec 03 to 28 Nov 04	Period from 2 Dec 02 to 30 Nov 03
	No	No
Administration	20	14
Restaurants, bar and catering	474	363
	<u>494</u>	<u>377</u>

The aggregate payroll costs of the above were:

	Period from 1 Dec 03 to 28 Nov 04	Period from 2 Dec 02 to 30 Nov 03
	£	£
Wages and salaries	4,481,128	4,001,640
Social security costs	352,057	295,413
Other pension costs	—	22,503
	<u>4,833,185</u>	<u>4,319,556</u>

5. DIRECTORS' EMOLUMENTS

	Period from 1 Dec 03 to 28 Nov 04	Period from 2 Dec 02 to 30 Nov 03
	£	£
Emoluments	<u>292,558</u>	<u>296,748</u>
Value of company pension contributions to money purchase schemes	<u>—</u>	<u>22,503</u>

NOTES TO THE ACCOUNTS

for the period from 1 December 2003 to 28 November 2004

5. DIRECTORS' EMOLUMENTS *(continued)*

Emoluments of highest paid director:

	Period from 1 Dec 03 to 28 Nov 04 £	Period from 2 Dec 02 to 30 Nov 03 £
Total emoluments (excluding pension contributions)	<u>135,000</u>	<u>133,929</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	Period from 1 Dec 03 to 28 Nov 04 No	Period from 2 Dec 02 to 30 Nov 03 No
Money purchase schemes	<u>—</u>	<u>1</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Period from 1 Dec 03 to 28 Nov 04 £	Period from 2 Dec 02 to 30 Nov 03 £
Interest payable on bank borrowing	172,842	176,284
Finance charges	<u>28,695</u>	<u>79,935</u>
	<u>201,537</u>	<u>256,219</u>

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the period

	Period from 1 Dec 03 to 28 Nov 04 £	Period from 2 Dec 02 to 30 Nov 03 £
Current tax:		
In respect of the period:		
UK Corporation tax based on the results for the period at 30% (2003 - 19%)	<u>64,438</u>	<u>22,769</u>
Total current tax	<u>64,438</u>	<u>22,769</u>
Deferred tax:		
Origination and reversal of timing differences	<u>42,899</u>	<u>13,161</u>
Tax on profit on ordinary activities	<u>107,337</u>	<u>35,930</u>

NOTES TO THE ACCOUNTS

for the period from 1 December 2003 to 28 November 2004

7. TAXATION ON ORDINARY ACTIVITIES *(continued)***(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the period differs from the standard rate of corporation tax in the UK of 30% (2003 - 19%).

	Period from 1 Dec 03 to 28 Nov 04 £	Period from 2 Dec 02 to 30 Nov 03 £
Profit on ordinary activities before taxation	<u>354,379</u>	<u>76,575</u>
Profit/(loss) on ordinary activities multiplied by rate of tax	106,314	14,549
Effects of:		
Expenses not deductible for tax purposes	19,485	7,020
Depreciation and impairment of assets with no corresponding tax deduction	43,927	26,351
Timing differences on fixed assets	(44,564)	(25,151)
Capital losses carried forward	24,112	—
Difference in accounting treatment and tax treatment of disposals	(55,958)	—
Marginal relief	(13,379)	—
Group relief	(15,499)	—
Total current tax (note 7(a))	<u>64,438</u>	<u>22,769</u>

(c) Factors that may affect future tax charges

At 28 November 2004 the company had a potential deferred tax asset in respect of unutilised tax capital losses, at a rate of 19%, of £35,125 (2003: £19,854) that would be recoverable against future capital gains.

This deferred tax asset has not been provided in these accounts, as there is insufficient certainty as to the timing of future capital gains.

8. INTANGIBLE FIXED ASSETS

	Trademarks £
Cost	
At 1 December 2003	88,884
Additions	31,119
At 28 November 2004	<u>120,003</u>
Amortisation	
At 1 December 2003	25,091
Charge for the period	24,000
At 28 November 2004	<u>49,091</u>
Net book value	
At 28 November 2004	<u>70,912</u>
At 30 November 2003	<u>63,793</u>

NOTES TO THE ACCOUNTS

for the period from 1 December 2003 to 28 November 2004

9. TANGIBLE FIXED ASSETS

	Leasehold Property £	Plant & Machinery £	Motor Vehicles £	Total £
Cost				
At 1 December 2003	2,808,137	4,835,783	154,120	7,798,040
Additions	559,980	1,060,281	1,252	1,621,513
Disposals	(389,528)	(764,411)	(8,569)	(1,162,508)
At 28 November 2004	<u>2,978,589</u>	<u>5,131,653</u>	<u>146,803</u>	<u>8,257,045</u>
Depreciation				
At 1 December 2003	953,629	3,143,116	142,137	4,238,882
Charge for the period	175,123	695,396	4,984	875,503
On disposals	(180,825)	(592,376)	(7,806)	(781,007)
At 28 November 2004	<u>947,927</u>	<u>3,246,136</u>	<u>139,315</u>	<u>4,333,378</u>
Net book value				
At 28 November 2004	<u>2,030,662</u>	<u>1,885,517</u>	<u>7,488</u>	<u>3,923,667</u>
At 30 November 2003	<u>1,854,508</u>	<u>1,692,667</u>	<u>11,983</u>	<u>3,559,158</u>

Finance lease agreements

Included within the net book value of £3,923,667 is £34,918 (2003 - £189,334) relating to assets held under finance lease agreements. The depreciation charged to the accounts in the period in respect of such assets amounted to £154,416 (2003 - £330,621).

10. STOCKS

	28 Nov 04 £	30 Nov 03 £
Stock	<u>137,571</u>	<u>149,813</u>

11. DEBTORS

	28 Nov 04 £	30 Nov 03 £
Trade debtors	69,779	13,252
Other debtors	439,034	446,695
Prepayments and accrued income	280,909	294,379
	<u>789,722</u>	<u>754,326</u>

NOTES TO THE ACCOUNTS

for the period from 1 December 2003 to 28 November 2004

12. CREDITORS: amounts falling due within one year

	28 Nov 04	30 Nov 03
	£	£
Bank loans and overdrafts	900,000	225,000
Trade creditors	871,369	866,824
Amounts owed to group undertakings	1,431,730	486,030
Corporation tax	64,438	24,623
Other taxation and social security	450,857	387,861
Finance lease agreements	28,647	255,707
Other creditors	245,807	115,933
Accruals and deferred income	466,244	348,397
	<u>4,459,092</u>	<u>2,710,375</u>

13. CREDITORS: amounts falling due after more than one year

	28 Nov 04	30 Nov 03
	£	£
Bank loans and overdrafts	1,575,000	2,475,000
Finance lease agreements	—	29,169
	<u>1,575,000</u>	<u>2,504,169</u>

14. CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows:

	28 Nov 04	30 Nov 03
	£	£
Amounts repayable:		
In one year or less or on demand	900,000	225,000
In more than one year but not more than two years	1,575,000	900,000
In more than two years but not more than five years	—	1,575,000
	<u>2,475,000</u>	<u>2,700,000</u>

During 2003, the company restructured its debt into a single bank loan, repayable in quarterly installments. Interest is charged at 1.75% above the bank's base rate. This facility is secured by a first legal charge over existing premises and further premises funded by the facility and a cross guarantee and debenture between all group companies.

15. COMMITMENTS UNDER FINANCE LEASE AGREEMENTS

Future commitments under finance lease agreements are as follows:

	28 Nov 04	30 Nov 03
	£	£
Amounts payable within 1 year	28,647	255,707
Amounts payable between 2 and 5 years	—	29,169
	<u>28,647</u>	<u>284,876</u>

NOTES TO THE ACCOUNTS

for the period from 1 December 2003 to 28 November 2004

16. DEFERRED TAXATION

	Period from 1 Dec 03 to 28 Nov 04 £	Period from 2 Dec 02 to 30 Nov 03 £
The movement in the deferred taxation provision during the period was:		
Provision brought forward	61,307	48,146
Profit and loss account movement arising during the period	42,899	13,161
Provision carried forward	<u>104,206</u>	<u>61,307</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	28 Nov 04 £	30 Nov 03 £
Excess of taxation allowances over depreciation on fixed assets	104,206	61,307
	<u>104,206</u>	<u>61,307</u>

17. COMMITMENTS UNDER OPERATING LEASES

At 28 November 2004 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	28 Nov 04 £	30 Nov 03 £
Operating leases which expire:		
Within 2 to 5 years	402,500	260,000
After more than 5 years	657,356	942,356
	<u>1,059,856</u>	<u>1,202,356</u>

18. CONTINGENCIES

There is a cross guarantee in respect of group borrowings given between the YO! Sushi group of companies.

19. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions conferred by FRS8: 'Related Party Disclosures' not to disclose transactions with members of the group, on the grounds that the company is a 100% subsidiary of the parent company and is included in the group consolidated financial statements.

During the year the company was charged a license fee of £146,697 (2003: £123,668) by YO! Limited, a company in which S Woodroffe has a controlling interest. At the balance sheet date, £44,272 (2003: £40,772) was owed by the company to YO! Limited.

NOTES TO THE ACCOUNTS

for the period from 1 December 2003 to 28 November 2004

20. SHARE CAPITAL

Authorised share capital:

	28 Nov 04	30 Nov 03
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	28 Nov 04		30 Nov 03	
	No	£	No	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	28 Nov 04	30 Nov 03
	£	£
Profit for the financial period	247,042	40,645
Opening equity shareholders' deficit	<u>(343,122)</u>	<u>(383,767)</u>
Closing equity shareholders' deficit	<u>(96,080)</u>	<u>(343,122)</u>

22. ULTIMATE PARENT COMPANY

The company's immediate parent undertaking is YO! Sushi Limited. The company's ultimate controlling party is Primary Capital II (Nominees) Limited.