


5869370

Gaucho Acquisitions Limited (formerly known as De Facto 1388 Limited)

Report and Financial Statements

31 December 2006

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Gaucha Acquisitions Limited (formerly known as De Facto 1388 Limited)

Registered No 5869370

Directors

Z Godik (appointed 21 July 2006)

Charlie McLean (appointed 21 July 2006)

Secretary

Charlie McLean (appointed 21 July 2006)

Travers Smith Secretaries Limited (resigned 21 July 2006)

Auditors

Ernst & Young LLP

Bedford House

16 Bedford Street

Belfast

BT2 7DT

Bankers

Royal Bank of Scotland

62 – 63 Threadneedle Street

London

EC2R 8LA

Registered Office

335 and 337 Fulham Road

London

SW10 9TW

Solicitors

Taylor Wessing

Carmelite

50 Victoria Embankment

London

EC4Y 0DX

Directors' report

The directors present their report and the accounts for the period ended 31 December 2006

Date of incorporation

The company was incorporated as De Facto 1388 Limited on 7 July 2006 and changed its name to Gaucha Acquisitions Limited 21 July 2006

Results and dividends

The results on page 5 reflect the results from incorporation but the company only traded for a 5 month period from 2 August 2006

Principal activities

The company's principal activity is that of holding company

Review of the business and future developments

Gaucha Acquisitions Limited acquired Gaucha Grill Holdings Limited in the period Gaucha Grill Holdings Limited trades in the UK and the Netherlands

Directors and their interests

None of the directors had any interest in the ordinary share capital of the company at 31 December 2006 date or on appointment

The interests of the directors in the shares of the ultimate parent undertaking, Gaucha Group Limited, are disclosed in the company's financial statements

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish the company's auditors are aware of that information

Auditors

A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting

By order of the board

Secretary

Director

15 October 2007

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 group for that period. In preparing those financial statements, the directors are required to

select suitable accounting policies and then apply them consistently,

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report

to the members of Gaucho Acquisitions Limited (formerly known as De Facto 1388 Limited)

We have audited the financial statements ('the financial statements') of Gaucho Acquisitions Limited (formerly known as De Facto 1388 Limited) for the period ended 31 December 2006 which comprise the Profit and Loss Account, Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, 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 members those matters we are required to state to them in 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 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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

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

Basis of audit opinion

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

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

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of the loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

Registered Auditor
Belfast

Ernst & Young LLP
15 October 2007

Profit and loss account

For the period ended 31 December 2006

| | Notes | 2006 5 months £ |
|---|-------|-----------------------|
| Administrative expenses | | (25,175) |
| Operating loss | | (25,175) |
| Interest receivable and similar income | | 42,577 |
| Interest payable and similar charges | 2 | (1,506,338) |
| Loss on ordinary activities before taxation | | (1,488,936) |
| Tax on loss on ordinary activities | 3 | - |
| Loss attributable to members of the parent company | | (1,488,936) |
| Retained loss for the period | 8 | (1,488,936) |


Statement of total recognised gains and losses

There are no recognised gains and losses in the period other than the loss attributable to the shareholders of £1,488,936

Balance sheet

As at 31 December 2006

| | Notes | 2006 £ |
|---|-------|--------------------------|
| Fixed assets | | |
| Investments | 4 | 34,374,633 |
| Current assets | | |
| Debtors | 5 | 20,870,099 |
| Cash at bank and in hand | | 3,165,369 |
| | | <u>24,035,468</u> |
| Creditors amounts falling due within one year | 6 | (1,261,270) |
| Net current assets | | <u>22,774,198</u> |
| Total assets less current liabilities | | <u>57,148,831</u> |
| Creditors amounts falling due after more than one year | 6 | (43,938,065) |
| Net assets | | <u><u>13,210,766</u></u> |
| Capital and reserves | | |
| Called up share capital | 7 | 14,699,702 |
| Profit and loss account | 8 | (1,488,936) |
| | | <u><u>13,210,766</u></u> |



15-10-07

Notes to the financial statements

For the period ended 31 December 2006

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

The directors have taken advantage of the exemption provided by Section 228 of the Companies Act 1985 not to prepare group accounts, on the grounds that the company itself a subsidiary undertaking and the results are included in the consolidated accounts of the ultimate parent undertaking, Gaucho Group Limited. The accounts present information about the company as an individual undertaking and not as a group

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that its parent company prepares consolidated financial statements

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on the timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future

2 Interest payable and similar charges

| | |
|-------------------------------|-----------|
| | 2006 |
| | 5 months |
| | £ |
| Bank loans | 811,694 |
| Loan notes | 572,971 |
| Deferred finance cost release | 121,673 |
| | <hr/> |
| | 1,506,338 |
| | <hr/> |

Notes to the financial statements

For the period ended 31 December 2006

3. Tax on loss on ordinary activities

| | 2006 5 months £ |
|---|-----------------------|
| The taxation charge comprises | |
| Current tax | |
| UK corporation tax charge at 30% | - |
| | <hr/> |
| Deferred tax | - |
| | <hr/> |
| | - |
| | <hr/> |
| (b) Factors affecting current tax charge | |
| Loss on ordinary activities before tax | (1,488,936) |
| | <hr/> |
| Multiplied by the corporation tax rate at 30% | (446,681) |
| | <hr/> |
| Group relief surrendered | 304,554 |
| Surplus trading losses carried forward | 140,627 |
| Permanent differences | 1,500 |
| | <hr/> |
| Current year tax charge | - |
| | <hr/> |

Notes to the financial statements

For the period ended 31 December 2006

4. Fixed asset investments

On 2 August 2006 the company acquired the entire share capital of Gaucha Grill Holdings Limited. The consideration of £34,374,633 was satisfied by way of cash and costs associated with the acquisition amounted to £1,789,325.

| <i>Company</i> | <i>Shares in subsidiary undertakings</i> | <i>Total</i> |
|---------------------|--|--------------|
| | <i>£</i> | <i>£</i> |
| Cost | | |
| Additions | 34,374,633 | 34,374,633 |
| At 31 December 2006 | 34,374,633 | 34,374,633 |

Details of the company's subsidiary undertakings are as follows

| <i>Name of company</i> | <i>Country of registration & of operation</i> | <i>Holding</i> | <i>Proportion of voting rights & shares Held</i> | <i>Nature of business</i> |
|-----------------------------------|---|-----------------|--|------------------------------|
| Gaucha Grill Holdings Limited | England | ordinary shares | 100% | Intermediate Holding company |
| Inhoco 4065 Limited* | England | ordinary shares | 100% | Intermediate Holding company |
| Pan European Restaurants Limited* | England | ordinary shares | 100% | Intermediate Holding company |
| Gaucha Grill Limited* | England | ordinary shares | 100% | Intermediate Holding company |
| Gioma (UK) Limited* | England | ordinary shares | 100% | Restaurateur |
| Lundi Finance BV* | Netherlands | ordinary shares | 100% | Restaurateur |

* Held by a subsidiary undertaking

5. Debtors

| | <i>2006</i> |
|------------------------------------|-------------|
| | <i>£</i> |
| Amounts owed by group undertakings | 20,599,543 |
| VAT recoverable | 270,556 |
| | 20,870,099 |

Notes to the financial statements

For the period ended 31 December 2006

6. Creditors

| | |
|--|-------------------|
| <i>Amounts falling due within one year.</i> | <i>2006</i> |
| | <i>£</i> |
| Other creditors | 175,750 |
| Accruals and deferred income | 907,340 |
| Amounts owed to group undertakings | 178,180 |
| | <u>1,261,270</u> |
| <i>Amounts falling due after more than one year:</i> | <i>2006</i> |
| | <i>£</i> |
| Bank loan | 29,606,896 |
| 'C' unsecured subordinated loan notes | 3,426,423 |
| 'D' unsecured subordinated loan notes | 10,904,746 |
| | <u>43,938,065</u> |

The 'C' loan notes include an interest roll up of £137,057 at an interest rate of 10%

The 'D' loan notes include an interest roll up of £435,914 at an interest rate of 10%

Total loans are repayable as follows:

| | |
|----------------------------|-------------------|
| | <i>2006</i> |
| | <i>£</i> |
| Within two to five years | 29,606,896 |
| After more than five years | 14,331,169 |
| | <u>43,938,065</u> |

Bank security

The bank loan is secured by a debenture from the company and the company's immediate parent, Gaucha Group Limited and a letter of guarantee from all other companies within the group

Notes to the financial statements

For the period ended 31 December 2006

6. Creditors (continued)

Loan note terms

'C' unsecured subordinated redeemable loan notes

£3,289,366 of series 'C' loan notes were issued to management on 2 August 2006 which carry a fixed rate of interest of 10%, and are redeemable on 31 January 2015.

Interest is rolled up to be repaid on redemption of the loan notes

'D' unsecured subordinated redeemable loan notes

£10,461,929 of series 'D' loan notes were issued to Phoenix Equity Partners on 2 August 2006 which carry a fixed interest rate of 10% and are redeemable as follows

- (a) One third of the 'D' loan notes then in issue, on 31 January 2013,
- (b) One half of the 'D' loan notes then in issue, on 31 January 2014,
- (c) All of the 'D' loan notes then in issue, on 31 January 2015,

Interest is rolled up to be repaid on redemption of the loan notes

7. Called up share capital

| | 2006 No | Authorised 2006 £ |
|--|------------|---|
| Equity shares | | |
| 14,699,702 ordinary shares of 10p each | 14,699,702 | 14,699,702 |
| | | |
| | | <i>Allotted, called up and fully paid</i> |
| | 2006 No | 2006 £ |
| As at 31 December 2006 | | |
| Ordinary shares of £1 each | 14,699,702 | 14,699,702 |
| | | |
| Upon incorporation | | |

8. Reserves

| | Profit & loss account 2006 £ |
|------------------------------|---------------------------------------|
| At incorporation | - |
| Retained loss for the period | (1,488,936) |
| At 31 December 2006 | (1,488,936) |

Notes to the financial statements

For the period ended 31 December 2006

9. Reconciliation of movements in shareholders' funds

| | 2006 £ |
|-------------------------------------|-------------|
| Loss for the period | (1,488,936) |
| Ordinary share capital allotted | 14,699,702 |
| Net increase in shareholders' funds | 13,210,766 |
| Opening shareholders' funds | - |
| Closing shareholders' funds | 13,210,766 |

10. Related party transactions

The company has taken advantage of the exemption granted by paragraph 3(c) of the Financial Reporting Standard No 8 not to disclose related party transactions with group companies

11. Parent undertaking and controlling party

The ultimate parent company and controlling entity is Gaucha Group Limited, a company incorporated in England and Wales

Copies of the financial statements of Gaucha Group Limited are available from the company's registered office, 335 and 337 Fulham Road, London, SW10 9TW

12. Guarantees

The company has given Anglo Irish Bank Corporation PLC a debenture and guarantee for the bank loan advanced to the company

Additionally all subsidiaries have provided cross guarantees to the bank