

The Clapham House Group PLC – Unaudited Interim Results

The Clapham House Group PLC (“Clapham House” or “the Company”)

24 November 2005

Unaudited Interim Results

for the six months ended 30 September 2005

CLAPHAM HOUSE ACCELERATES EXPANSION AND MOVES INTO PROFIT

The Clapham House Group PLC, the restaurant group that operates Gourmet Burger Kitchen, The Bombay Bicycle Club and The Real Greek, today announces its interim results for the six months ended 30 September 2005.

Highlights :

- Maiden profit achieved
- Turnover substantially increased for the six months to £8.6m (30 September 2004: £2.7m); sales well ahead of last year in all three brands
- Profit before taxation for the six months ended 30 September 2005 of £281,000 (30 September 2004: loss before taxation £58,000)
- Profit before exceptional costs and taxation for the six months ended 30 September 2005 of £501,000
- Early agreement on 3 October 2005 of the earn out consideration for Gourmet Burger Kitchen
- Net funds as at 30 September 2005 of £8.9m
- 7 new sites opened during the six months
- 2 further sites opened since September, taking the total portfolio to 27
- On track to open further new sites in all three brands in the second half of the current financial year

David Page, Executive Chairman, The Clapham House Group PLC, commented:

“I am delighted that during the six months to 30 September 2005 we have accelerated our opening programme whilst in the same period achieving Clapham House’s maiden profit. The operating profit contribution of our three brands has now overtaken our central and administrative cost. We are continuing to focus our resources on growing our three formats through site expansion and look forward to the remainder of the current financial year with confidence.”

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NOTE TO EDITORS:**The Clapham House Group PLC (www.claphamhousegroup.com)**

Floated on AIM in November 2003 to acquire and develop a small number of quality, “best in class” branded restaurant formats for expansion as a high growth restaurant group, Clapham House currently owns and operates 27 sites across three brands:

Gourmet Burger Kitchen (www.gbk.co.uk)

GBK offers a range of nutritious, delicious and sophisticated burgers (Harden’s London Restaurants 2006: “Best Burger”, Observer: “Best Cheap Eats 2005”) using quality, fresh ingredients to create each burger including oversized sourdough buns, 100% Aberdeen Angus Scotch Beef patties, English chicken and other fresh produce delivered to the restaurants each day. GBK offers a variety of 23 burgers including Beef, Chicken, Lamb, Venison and Chorizo, as well as three types of Vegetarian burger, Junior Beef and Chicken burgers for children and interesting flavour combinations such as the Pesterella Burger (Beef, Mozzarella and Pesto). GBK currently operates from eight locations.

The Bombay Bicycle Club (www.thebombaybicycleclub.com)

The Bombay Bicycle Club operates three restaurants and ten delivery kitchens and has built an outstanding reputation for quality Indian cuisine over a period of 20 years using the freshest ingredients and providing excellent service, regularly receiving positive reviews and plaudits from leading food critics (Zagat’s 2006: “a curry a cut above the rest”). The Bombay Bicycle Club home delivery service currently provides quality, freshly prepared food to more than 4,000 customers a week in the comfort of their own homes. The Bombay Bicycle Club will continue to expand across the Greater London area and is seeking to become the largest operator in the quality Indian food market.

The Real Greek (www.therealgreek.com)

The Real Greek offers highly acclaimed traditional Greek cooking (Time Out 2006: “responsible for the best souvlaki west of Corfu”) using fresh and seasonal ingredients served in an informal setting and accompanied by specially imported Greek wines. The Real Greek Souvlaki & Bar concept derives its style from Greek “Street Food”, where eating mezes and chargrilled souvlakis is part of everyday life. The Real Greek currently operates from six locations, including a landmark restaurant on London’s South Bank.

The Clapham House Group PLC
Unaudited Interim Results
for the six months ended 30 September 2005

Chairman's Statement

It gives me great pleasure to report the interim results of Clapham House for the six months ended 30 September 2005.

Results

During the six months ended 30 September 2005, Clapham House's turnover increased substantially to £8.6 million from £2.7 million for the six months ended 30 September 2004. Clapham House achieved maiden profits before taxation of £281,000 (30 September 2004: loss before taxation £58,000). The Company's profits before exceptional costs and taxation in the period were £501,000.

Corporate activity

On 1 April 2005, Clapham House paid the agreed £250,000 final deferred consideration on the acquisition of The Bombay Bicycle Club business representing a total consideration for the acquisition of £2.1 million.

Just after the six months period ended, on 4 October 2005, we announced that Clapham House had reached an early agreement to conclude the earn-out arrangement relating to the purchase of the Gourmet Burger Kitchen business ("GBK"). The business has performed strongly since its acquisition and the early settlement enables us to increase the opening programme for the coming financial year. Clapham House agreed to satisfy the maximum consideration for GBK under the earn out of £7.4 million, which was payable at the time of the agreement as to £0.5 million by the issue of 338,982 ordinary shares of 10 pence each in the Company at a price of 147.5 pence per share and £6.9 million in cash, to be settled in April 2006.

Following the agreement of the earn-out arrangement for the acquisition of GBK, the deferred consideration and associated goodwill has been adjusted accordingly. At the same time we have reviewed the deferred consideration estimates made some time ago for the acquisition of The Real Greek and The Bombay Bicycle Club and have updated the associated consolidated goodwill. These revisions do not create a charge in the profit and loss account.

Openings

During the six months ended 30 September 2005, we opened seven new sites. The Real Greek opened a restaurant in Putney, The Bombay Bicycle Club opened four delivery kitchens and GBK opened two new restaurants. The Directors are pleased with the performance to date of these businesses, the new restaurants and delivery kitchens.

Since 30 September 2005, The Real Greek has opened a further restaurant off Marylebone High Street, London and The Bombay Bicycle Club has opened a delivery kitchen in Weybridge, Surrey. Both have opened to an enthusiastic local response. This takes the number of sites Clapham House operates to 27. In addition, a further GBK is under construction in Wimbledon and will open early in the new year.

Funding

During the period we have continued to invest in building up our infrastructure and management teams to support our planned restaurant expansion programme. Despite this, we generated a net cash inflow from operating activities of £0.4 million. We invested £3.1 million in capital expenditure on new sites and infrastructure and £0.3 million on acquisitions. As at 30 September 2005 Clapham House's net funds amounted to £8.9 million.

As described above, Clapham House has agreed to pay £6.9m to satisfy the cash element of the earn-out consideration for the acquisition of GBK in April 2006. The Board has already commenced negotiations with a number of banks which have indicated their willingness to put in place debt facilities to support the Company's future business plan and new store opening plan. We expect these future debt requirements to be modest relative to the Company's anticipated earnings.

Dividends

No interim dividend is being proposed. As described in the Company's prospectus dated 29 October 2003, it is the Board's policy that, subject to the availability of distributable reserves, dividends will be paid to shareholders when the Directors believe it is appropriate and prudent to do so. However, the main focus of the Company will be in delivering capital growth for shareholders.

Outlook

We are stepping up our property search and development activity and are in discussions on premises in a number of locations. We have recently completed contracts on sites in Kingston and Brighton and several further properties are already under offer or subject to legal process. We continue to explore a number of property portfolio opportunities.

We are currently witnessing positive trade across all three brands and look forward to the remainder of the current financial year with confidence.

David Page
Chairman
24 November 2005

The Clapham House Group PLC
Unaudited Consolidated Profit and Loss Account
for the six months ended 30 September 2005

	Notes	Six months ended 30 September 2005 Unaudited £'000	Six months ended 30 September 2004 Unaudited £'000	Year ended 31 March 2005 Audited £'000
Turnover		8,552	2,699	7,458
Cost of sales		(5,433)	(1,689)	(5,432)
Gross profit		<u>3,119</u>	<u>1,010</u>	<u>2,026</u>
Administrative expenses – excluding exceptional costs		(2,854)	(1,295)	(3,134)
Operating profit/(loss) before exceptional costs		<u>265</u>	<u>(285)</u>	<u>(1,108)</u>
Exceptional costs	3	(220)	(99)	(165)
Operating profit/(loss)		<u>45</u>	<u>(384)</u>	<u>(1,273)</u>
Investment income		257	332	682
Interest payable		(21)	(6)	(14)
Profit/(loss) on ordinary activities before taxation		<u>281</u>	<u>(58)</u>	<u>(605)</u>
Taxation	4	(108)	-	125
Profit/(loss) for ordinary activities after taxation		<u>173</u>	<u>(58)</u>	<u>(480)</u>
Earnings/(loss) per share				
Basic	5	0.9p	(0.3p)	(2.5p)
Diluted	5	0.8p	(0.3p)	(2.5p)

All recognised gains and losses are included in the profit and loss account.

The Clapham House Group PLC
Unaudited Consolidated Balance Sheet
as at 30 September 2005

	Notes	As at 30 September 2005 Unaudited £'000	As at 30 September 2004 Unaudited £'000	As at 31 March 2005 Audited £'000
Fixed assets				
Intangible assets		14,113	9,255	17,850
Tangible assets		8,190	1,735	5,428
Investments		-	-	-
		<u>22,303</u>	<u>10,990</u>	<u>23,278</u>
Current assets				
Stocks		318	163	210
Debtors		950	391	672
Cash at bank and in hand		9,597	17,069	12,369
		<u>10,865</u>	<u>17,623</u>	<u>13,251</u>
Current liabilities				
Creditors: amounts falling due within one year		(10,058)	(1,778)	(2,901)
Net current assets		<u>807</u>	<u>15,845</u>	<u>10,350</u>
Total assets less current liabilities		<u>23,110</u>	<u>26,835</u>	<u>33,628</u>
Creditors: amounts falling due after more than one year		(1,655)	(5,996)	(12,918)
Provisions for liabilities and charges		(88)	(6)	(16)
Net assets		<u>21,367</u>	<u>20,833</u>	<u>20,694</u>
Capital and reserves				
Called up share capital		2,029	1,975	1,995
Share premium account		20,029	19,300	19,563
Profit and loss account		(691)	(442)	(864)
Equity shareholders' funds	6	<u>21,367</u>	<u>20,833</u>	<u>20,694</u>

The Clapham House Group PLC
Unaudited Consolidated Cash Flow Statement
for the six months ended 30 September 2005

	Notes	Six months ended 30 September 2005 Unaudited £'000	Six months ended 30 September 2004 Unaudited £'000	Year ended 31 March 2005 Audited £'000
Net cash inflow from operating activities	7a	375	187	(268)
Returns on investment and servicing of finance		236	327	668
Taxation		-	-	(18)
Capital expenditure and financial investment		(3,145)	(1,173)	(3,285)
Acquisitions and disposals	7b	(250)	(2,267)	(4,772)
Cash outflow before use of liquid resources and financing		(2,784)	(2,926)	(7,675)
Financing	7c	(35)	6,658	6,636
(Decrease)/increase in cash in the period		(2,819)	3,732	(1,039)

Reconciliation of net cash flow to movement in net funds

	Notes	Six months ended 30 September 2005 Unaudited £'000	Six months ended 30 September 2004 Unaudited £'000	Year ended 31 March 2005 Audited £'000
Net funds at the beginning of the period		11,726	13,337	13,337
(Decrease)/increase in cash in the period		(2,819)	3,732	(1,039)
Cash outflow from change in debt		35	107	129
Change in net funds resulting from cash flows		(2,784)	3,839	(910)
Debt acquired with subsidiary		-	(107)	(701)
Net funds at end of period	7d	8,942	17,069	11,726

The Clapham House Group PLC
Notes to the Unaudited Interim Results
for the six months ended 30 September 2005

1. Basis of preparation

The interim results have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

2. Turnover

The turnover and profit for the period are attributable to the principal activities of the group, which are carried on entirely within the United Kingdom.

3. Exceptional costs

The exceptional costs for the six months ended 30 September 2005 and six months ended 30 September 2004 represent the costs incurred up to the date of opening a new restaurant that are written off to the profit and loss account in the period in which they are incurred.

4. Taxation

	Six months ended 30 September 2005 Unaudited £'000	Six months ended 30 September 2004 Unaudited £'000	Year ended 31 March 2005 Audited £'000
Based on the result for the period:			
UK Corporation tax at 30% (2004: 30%)	(35)	-	(1)
Under provision in earlier years	-	-	(2)
Total current tax	<u>(35)</u>	<u>-</u>	<u>(3)</u>
Deferred taxation:			
Origination and reversal of timing differences	(73)	-	128
Taxation (payable)/receivable	<u>(108)</u>	<u>-</u>	<u>125</u>

The taxation charge in the period represents the deferred taxation arising from origination and reversal of timing differences.

5. Earnings per share

Basic earnings per ordinary share is based on the profit for the period of £173,000 (2004: Loss £58,000) and on 20,254,020 (2004: 18,099,471) ordinary shares of 10p each being the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is based on the profit for the period of £173,000 and on 22,632,002 shares of 10p each being the weighted average number of shares in issue during the period after allowing for the dilutive effect of the conversion into ordinary shares of options outstanding during the period. For the six months ended 30 September 2004, basic and diluted earnings per share were the same as there are no potential ordinary shares that would increase net loss per share from continuing operations in the period.

6. Reconciliation of movements in equity shareholders' funds

	Six months ended 30 September 2005 Unaudited £'000	Six months ended 30 September 2004 Unaudited £'000	Year ended 31 March 2005 Audited £'000
Shares issued (net of issue costs)	500	6,765	7,048
Profit/(loss) for the period	173	(58)	(480)
Total movements during the period	<u>673</u>	<u>6,707</u>	<u>6,568</u>
Opening equity shareholders' funds	20,694	14,126	14,126
Closing equity shareholders' funds	<u><u>21,367</u></u>	<u><u>20,833</u></u>	<u><u>20,694</u></u>

7. Notes to the consolidated cash flow statement

a. Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities

	Six months ended 30 September 2005 Unaudited £'000	Six months ended 30 September 2004 Unaudited £'000	Year ended 31 March 2005 Audited £'000
Operating profit/(loss)	45	(384)	(1,273)
Depreciation	377	72	268
Loss on disposal of tangible fixed assets	1	-	12
Increase in stocks	(108)	(49)	(81)
Increase in debtors	(278)	(119)	(265)
Increase in creditors	338	667	1,071
Net cash inflow/(outflow) from operating activities	<u><u>375</u></u>	<u><u>187</u></u>	<u><u>(268)</u></u>

b. Acquisitions and disposals

	Six months ended 30 September 2005 Unaudited £'000	Six months ended 30 September 2004 Unaudited £'000	Year ended 31 March 2005 Audited £'000
Purchase of subsidiary undertaking (including costs)	(250)	(2,220)	(5,036)
Net overdraft acquired with subsidiary	-	(47)	264
Net cash outflow from acquisition	<u><u>(250)</u></u>	<u><u>(2,267)</u></u>	<u><u>(4,772)</u></u>

c. Financing

	Six months ended 30 September 2005 Unaudited £'000	Six months ended 30 September 2004 Unaudited £'000	Year ended 31 March 2005 Audited £'000
Capital repayments on bank loans	(35)	(107)	(129)
Gross proceeds of ordinary shares issued	-	7,000	7,000
Issue costs	-	(235)	(235)
Net cash (outflow)/inflow from financing	<u>(35)</u>	<u>6,658</u>	<u>6,636</u>

d. Analysis of net funds

	As at 31 March 2005 Audited £'000	Cash flow Unaudited £'000	Other Movements £'000	As at 30 September 2005 Unaudited £'000
Cash in hand and at bank	12,369	(2,772)	-	9,597
Overdrafts	(71)	(47)	-	(118)
	<u>12,298</u>	<u>(2,819)</u>	<u>-</u>	<u>9,479</u>
Debt due within one year	(72)	35	(36)	(73)
Debt due after one year	(500)	-	36	(464)
Net funds	<u>11,726</u>	<u>(2,784)</u>	<u>-</u>	<u>8,942</u>

Cash of £6.9 million will be applied in April 2006 to settle the cash portion of the deferred consideration for the acquisition of GBK.

e. Major non-cash transactions

The only material non-cash transaction that occurred during the period was the issue of 338,982 ordinary shares to satisfy part of the deferred consideration on the acquisition of Gourmet Burger Kitchen.

8. Interim financial statements

The above financial information does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The figures for the period ended 31 March 2005 are based upon the latest statutory accounts, which have been delivered to the Registrar of Companies; the report of the auditors on those accounts was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985. The six months figures use the same accounting policies as for the period ended 31 March 2005, and have not been audited or subject to review by the company's auditors.