

The Clapham House Group PLC – Unaudited Preliminary Results

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

6 June 2006

**Unaudited Preliminary Results
for the year ended 31 March 2006**

MAIDEN PROFITS AND STRONG PLATFORM FOR GROWTH

Clapham House, the fast growing restaurant group, today announces its preliminary results for the year ended 31 March 2006.

Highlights :

- Turnover for the year up 132% to £17.3m (2005: £7.5m)
- Maiden profit before taxation and exceptional costs for the year of £1.1m (2005: Loss £0.4m)
- Full year profit before taxation for the year of £0.7m (2005: Loss £0.6m)
- Basic earnings per share of 2.9p (2005: Loss 2.5p)
- Operating cash inflow for the year of £0.6m (2005: Operating cash outflow of £0.3m)
- Expansion of estate by 61% during the period from 18 to 29 properties
- Agreement in October 2005 of the earn out consideration for Gourmet Burger Kitchen
- Net cash as at 31 March 2006 of £7.3m

Current year :

- Strong pipeline of new restaurants; on track to open 3 new sites in Q1 of 2006/7
- New site requirement list issued for GBK detailing more than 100 potential UK locations; similar list being drawn up for The Bombay Bicycle Club
- Acquisition of Urban Dining plc completed May 2006, adding the profitable Tootsies format and a further 30 restaurant properties
- Integration of Tootsies progressing well; initial review completed, conversion and refurbishment programme commenced
- Trading positively in the first 2 months of the new financial year

David Page, Executive Chairman, Clapham House, commented:

“Last year was an exciting one for Clapham House as we generated our first profits whilst substantially increasing the size of the estate of restaurants and delivery kitchens. Since the year end we have doubled the size of the Group through the acquisition of the Tootsies format and I am delighted with the rapid progress made already in integrating this business into Clapham House. Trade in the first two months of the year has also been encouraging and we are looking forward to the rest of the year with confidence.”

Enquiries

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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 from over 60 sites across four 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 Vegetarian burgers, Junior Beef and Junior Chicken burgers and delicious flavour combinations such as the Pesterella Burger (Beef, Mozzarella and Pesto). The eleventh GBK restaurant will open in Brighton in June 2006.

Tootsies (www.tootsiesrestaurants.co.uk)

Tootsies first opened its doors to London diners in Holland Park back in 1971 and rapidly built up a loyal local following. Over the past 35 years, Tootsies has opened many more restaurants throughout London and the United Kingdom, offering high quality, freshly prepared food in a friendly atmosphere. The thirtieth Tootsies opened in May 2006. The menu is renowned for its legendary breakfasts and brunches, whilst the char-grill offers steaks, ribs and a superb selection of burgers, including the famous Jalapeno (avocado, Monterey Jack cheese and Mexican hot sauce). Children are very welcome and are offered an organic children’s menu and the renowned freshly blended Tootsies milkshakes. (Timeout: winner of “Best Family Restaurant 2003”).

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 plaudits from leading food critics (Zagat 2006: “a curry a cut above the rest”). The Bombay Bicycle Club home delivery service currently provides quality, freshly prepared food to more than 10,000 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 char-grilled souvlakis is part of everyday life. The Real Greek currently operates from seven locations, including a landmark restaurant on London’s South Bank and a newly opened restaurant in Covent Garden.

**The Clapham House Group PLC
Unaudited Preliminary Results
for the year ended 31 March 2006**

Chairman's Statement

It gives me great pleasure to report a maiden set of profitable figures in the preliminary results of Clapham House for the year ended 31 March 2006. It has been another exciting year.

Results

Turnover of the Group for the year has increased substantially from £7.5 million in 2005 to £17.3 million, comprising full year results from The Real Greek ("TRG"), The Bombay Bicycle Club ("BBC") and Gourmet Burger Kitchen ("GBK"), from a portfolio which has grown in the same period by eleven sites to a total of twenty nine.

The Group achieved maiden full year profit before taxation of £684,000 (2005: Loss before taxation of £605,000). The Group's profit before taxation and exceptional costs for the year ended 31 March 2006 was £1,121,000 compared with a loss of £440,000 in 2005. Pre-opening costs in the year were £437,000, including £85,000 incurred at two sites (Kingston and Brighton). These two properties were acquired and held before the final agreement of the GBK purchase consideration, to ensure that the Group had a pipeline of development sites once the GBK earn out was completed. Kingston has now opened and Brighton will open this week.

Corporate activity

On 1 April 2005, Clapham House paid the agreed £250,000 final deferred consideration on the acquisition of the BBC business, representing a total price of £2.1 million.

On 4 October 2005, we reached an early agreement to conclude the earn-out aspect of the purchase of the GBK business. The business has performed very strongly since its acquisition and the early settlement has enabled us to accelerate the opening programme for the coming financial year and thereafter. 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, paid at the beginning of April 2006.

During the year, we adjusted the goodwill on acquisition of the various businesses following a review of our previous deferred consideration estimates for the acquisition of the businesses and have updated the associated consolidated goodwill. These revisions do not create a charge in the profit and loss account.

On 31 March 2006, Clapham House announced the terms of a recommended cash offer to purchase the entire issued and to be issued share capital of Urban Dining plc ("Urban Dining"), the owner of the Tootsies Restaurants group, for 44p per Urban Dining share (the "Offer"), valuing Urban Dining at £25.3 million. At the same time, we successfully completed a placing of shares raising £25.4 million (gross of expenses) at 188p per share to fund the acquisition of Urban Dining. The Offer became unconditional in all respects on 5 May 2006.

Openings

During the year ended 31 March 2006, we opened eleven new restaurants and delivery kitchens, taking the total operated by the Group to twenty nine at the end of the financial year.

In April 2006 we opened a new GBK in Kingston which has already become this format's busiest restaurant. We will open a new 85 seat GBK restaurant in the North Laine area of Brighton this week and are currently building at a further two new GBK locations. We are in negotiations for more than ten additional properties for GBK alone, and in total more than fifteen including Tootsies, BBC and TRG. Given the excellent returns generated by the GBK format in particular, we will continue to assemble a strong pipeline of new properties for a number of years hence, including selected locations outside London.

Since the acquisition of Urban Dining in May, we have sold one restaurant where the Tootsies operation was loss making and a new Tootsies has opened at a shopping centre development in Hemel Hempstead. We have also completed our review of the Tootsies property estate and commenced a conversion and refurbishment programme. The first two conversions to GBK are expected to re-open in the autumn, by which time we also plan to have re-launched two refurbished Tootsies restaurants. We will also open a large and excellently positioned Tootsies restaurant in the busy Brent Cross shopping centre later in the year.

Including the Brighton GBK restaurant opening this week, the Group has 61 operational restaurants and delivery kitchens, comprising of 11 GBKs; 13 BBCs; 7 TRGs and 30 Tootsies.

Our international franchisee in the Middle East will open its first GBK restaurant in Kuwait later this month and has identified a number of other properties for the brand in Dubai. Clapham House has no capital exposure in this market and receives franchise fees for each new restaurant opened and a percentage of sales generated.

UK expansion potential

Our excitement at the UK potential for each of our formats is mirrored by that of our customers. All our restaurants achieve favourable customer reaction when they open and some have even been known to generate fan mail and cold callers before they have opened.

We have recently issued a new site requirement list to various UK property agents, targeting more than 100 locations for the GBK operation alone. This list includes more than 60 locations across London, several leading retail centres and some 30 towns and cities outside of London. A similar list is currently being drawn up for the BBC operation.

The brands we own all appeal to slightly different demographics and are located in varied property locations but all offer uncomplicated menus with genres of food that are extremely popular and well accepted throughout the UK.

Our belief is that this, together with our concentration on continual food quality improvement in each brand, gives our business a defensive quality. Our customers can move back and forth from one of our brands to another as their habits, lifestyle, income, mood, tastes or circumstances change.

Funding

During the year we invested further in building up our infrastructure and management teams to support our planned expansion programmes. Despite this, as a Group we generated net cash inflow from operating activities of £0.6 million after all central, PLC and brand support costs. Our restaurant operations are strongly cash generative and each format offers good returns on capital invested.

We invested £5.1 million in capital expenditure on new sites and infrastructure and £0.3 million on acquisitions. As at 31 March 2006 the Group's net cash amounted to £7.3 million. In April 2006, £6.9 million was paid in settlement of the GBK earn out. Following the acquisition of Urban Dining, the Group currently has net indebtedness of approximately £3.1 million.

We have recently agreed terms for a new £19.0 million bank debt facility to support the Group's expansion plans. This facility will be put in place over the next few weeks.

People

Our growing team continues to contribute enormously to the growth and success of Clapham House. I thank them all and wholeheartedly welcome those employees who have joined us from Urban Dining and elsewhere. Across the Group, we employ a number of incentive programmes including the use of share options, performance related bonuses and performance recognition awards.

Dividends

No final dividend is being proposed. As described in the Clapham House 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, at this stage of the Group's development, our main focus will be in delivering capital growth for shareholders.

Current trading and outlook

Trading in the new financial year has commenced well and the integration of Urban Dining is well underway. The Board therefore looks forward to the financial results for the current year with confidence.

David Page
Chairman
6 June 2006

The Clapham House Group PLC
Unaudited Consolidated Profit and Loss Account
for the year ended 31 March 2006

	Notes	Year ended 31 March 2006 Unaudited £'000	Year ended 31 March 2005 Audited £'000
Turnover		17,332	7,458
Cost of sales		(11,459)	(5,432)
Gross profit		<u>5,873</u>	<u>2,026</u>
Administrative expenses – excluding exceptional costs		(5,173)	(3,134)
Operating profit/(loss) before exceptional costs		<u>700</u>	<u>(1,108)</u>
Exceptional costs	3	(437)	(165)
Operating profit/(loss)		<u>263</u>	<u>(1,273)</u>
Investment income		463	682
Interest payable		(42)	(14)
Profit/(loss) on ordinary activities before taxation		<u>684</u>	<u>(605)</u>
Taxation	4	(86)	125
Retained profit/(loss) for the period		<u><u>598</u></u>	<u><u>(480)</u></u>
Earnings/(loss) per share			
Basic	5	2.93p	(2.50p)
Diluted	5	2.86p	(2.50p)

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

The Clapham House Group PLC
Unaudited Consolidated Balance Sheet
as at 31 March 2006

	Notes	As at 31 March 2006 Unaudited £'000	As at 31 March 2005 Audited £'000
Fixed assets			
Intangible assets		14,089	17,850
Tangible assets		9,681	5,428
Investments		-	-
		<u>23,770</u>	<u>23,278</u>
Current assets			
Stocks		416	210
Debtors		1,300	672
Cash at bank and in hand		8,035	12,369
		<u>9,751</u>	<u>13,251</u>
Current liabilities			
Creditors: amounts falling due within one year		(10,145)	(2,901)
Net current (liabilities)/assets		<u>(394)</u>	<u>10,350</u>
Total assets less current liabilities		<u>23,376</u>	<u>33,628</u>
Creditors: amounts falling due after more than one year		(1,574)	(12,918)
Provisions for liabilities and charges		-	(16)
Net assets		<u>21,802</u>	<u>20,694</u>
Capital and reserves			
Called up share capital		2,029	1,995
Share premium account		20,039	19,563
Profit and loss account		(266)	(864)
Equity shareholders' funds	6	<u>21,802</u>	<u>20,694</u>

The Clapham House Group PLC
Unaudited Consolidated Cash Flow Statement
for the year ended 31 March 2006

	Notes	Year ended 31 March 2006 Unaudited £'000	Year ended 31 March 2005 Audited £'000
Net cash inflow/(outflow) from operating activities	7a	604	(268)
Returns on investment and servicing of finance		421	668
Taxation		(59)	(18)
Capital expenditure and financial investment		(5,065)	(3,285)
Acquisitions and disposals	7b	(325)	(4,772)
Cash outflow before use of liquid resources and financing		<u>(4,424)</u>	<u>(7,675)</u>
Management of liquid resources	7c	(6,910)	-
Financing	7d	(61)	6,636
Decrease in cash in the year		<u><u>(11,395)</u></u>	<u><u>(1,039)</u></u>

Reconciliation of net cash flow to movement in net funds

	Notes	Year ended 31 March 2006 Unaudited £'000	Year ended 31 March 2005 Audited £'000
Net funds at the beginning of the period		11,726	13,337
Decrease in cash in the period		(11,395)	(1,039)
Cash flow from increase in liquid resources		6,910	-
Cash outflow from change in debt		71	129
Change in net funds resulting from cash flows		<u>(4,414)</u>	<u>(910)</u>
Debt acquired with subsidiary		-	(701)
Net funds at end of year	7e	<u><u>7,312</u></u>	<u><u>11,726</u></u>

The Clapham House Group PLC
Notes to the Unaudited Preliminary Results
for the year ended 31 March 2006

1. Basis of preparation

The preliminary 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 year are attributable to the principal activities of the group, which are carried on within the United Kingdom.

3. Exceptional costs

The exceptional costs for the years ended 31 March 2006 and 2005 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

	Year ended 31 March 2006 Unaudited £'000	Year ended 31 March 2005 Audited £'000
Based on the result for the period:		
UK Corporation tax at 30% (2005: 30%)	(121)	(1)
Over/(under) provision in earlier years	11	(2)
Total current tax	<u>(110)</u>	<u>(3)</u>
Deferred taxation:		
Origination and reversal of timing differences	24	128
Taxation (payable)/receivable	<u>(86)</u>	<u>125</u>

5. Earnings per share

Basic earnings per ordinary share is based on the profit for the year of £598,000 (2005: Loss £480,000) and on 20,423,047 (2005: 19,138,612) 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 year of £598,000 and on 20,920,219 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 year ended 31 March 2005, 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

	Year ended 31 March 2006 Unaudited £'000	Year ended 31 March 2005 Audited £'000
Shares issued (net of issue costs)	510	7,048
Profit / (loss) for the year	598	(480)
	<hr/>	<hr/>
Total movements during the year	1,108	6,568
Opening equity shareholders' funds	20,694	14,126
	<hr/>	<hr/>
Closing equity shareholders' funds	21,802	20,694
	<hr/> <hr/>	<hr/> <hr/>

7. Notes to the consolidated cash flow statement

a. Reconciliation of operating profit to net cash flow from operating activities

	Year ended 31 March 2006 Unaudited £'000	Year ended 31 March 2005 Audited £'000
Operating profit/(loss)	263	(1,273)
Depreciation and amortisation	791	268
(Profit)/Loss on disposal of tangible fixed assets	(2)	11
Increase in stocks	(207)	(81)
Increase in debtors	(617)	(265)
Increase in creditors	376	1,072
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	604	(268)
	<hr/> <hr/>	<hr/> <hr/>

b. Acquisitions and disposals

	Year ended 31 March 2006 Unaudited £'000	Year ended 31 March 2005 Audited £'000
Purchase of subsidiary undertakings (including costs)	(325)	(5,036)
Net cash acquired with subsidiaries	-	264
Net cash outflow from acquisition	<u>(325)</u>	<u>(4,772)</u>

c. Management of liquid resources

	Year ended 31 March 2006 Unaudited £'000	Year ended 31 March 2005 Audited £'000
Increase in short term deposits	<u>6,910</u>	<u>-</u>

d. Financing

	Year ended 31 March 2006 Unaudited £'000	Year ended 31 March 2005 Audited £'000
Capital repayments on bank loans	(71)	(129)
Gross proceeds of ordinary shares issued	-	7,000
Issue costs	10	(235)
Net cash (outflow)/ inflow from financing	<u>(61)</u>	<u>6,636</u>

e. Analysis of net funds

	As at 31 March 2005 Audited £'000	Cash flow Unaudited £'000	Other Movements £'000	As at 31 March 2006 Unaudited £'000
Cash in hand and at bank	12,369	(11,244)	-	1,125
Overdrafts	(71)	(151)	-	(222)
	<u>12,298</u>	<u>(11,395)</u>	<u>-</u>	<u>903</u>
Short term deposits	-	6,910	-	6,910
Debt due within one year	(72)	71	(75)	(76)
Debt due after one year	(500)	-	75	(425)
Net funds	<u>11,726</u>	<u>(4,414)</u>	<u>-</u>	<u>7,312</u>

Cash at bank and in hand of £8,035,000 (2005: £12,369,000) on the Group's balance sheet includes short term deposits of £6,910,000 (2005: £nil) which are not classified as cash under FRS1 for the purposes of the cash flow statement.

f. 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. Report and accounts

The financial information set out in this preliminary announcement, which was approved by the Board on 6 June 2006, is unaudited and does not constitute the Company's statutory accounts for the period ended 31 March 2006, but is derived from those accounts.

The statutory accounts for the period ended 31 March 2006 will be prepared following accounting policies consistent with those set out in the statutory accounts for the period ended 31 March 2005.

The statutory accounts for the period ended 31 March 2006 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's annual general meeting.

9. Further copies

The statutory accounts for the period will be posted to shareholders in due course and further copies will be available, free of charge, for a period of one month following posting to shareholders from the registered office of the Company or the Company's Nominated Adviser and Broker, Noble & Company Limited, 76 George Street, Edinburgh, EH2 3BU, Telephone: 0131 225 9677.