

The Clapham House Group PLC –Preliminary Results

**The Clapham House Group PLC (“Clapham House” or “the Company”)
19 June 2007**

**Preliminary Results
for the year ended 1 April 2007**

SUBSTANTIAL GROWTH IN PROFITS AND STRONG OPENING PROGRAMME

Clapham House, the fast growing restaurant group that owns and operates Gourmet Burger Kitchen (“GBK”), Tootsies, The Bombay Bicycle Club (“BBC”) and The Real Greek (“TRG”), today announces its preliminary results for the year ended 1 April 2007.

Highlights :

- Turnover substantially increased for the year to £45.9m (2006: £17.3m)
- Adjusted profit before taxation for the year of £2.9m* (2006 restated: £0.5m)
- Profit before taxation for the year of £1.5m (2006 restated: £0.3m)
- Headline diluted EPS of 7.0p** (2006 restated: 2.3p)
- Diluted EPS of 3.6p (2006 restated: 1.3p)
- Acquisition and successful integration of Urban Dining PLC (incorporating the Tootsies business) completed in May 2006
- Restaurants operated at year end up to 72 (2006: 29)
- Good results from:
 - first GBKs opened outside London (Brighton, Bristol and Basingstoke)
 - refurbishment and introduction of new menus in Tootsies restaurants
 - Tootsies conversions into GBK
 - successful introduction of on-line ordering in BBC
 - operational improvements in TRG
 - GBK international launch under franchise in the Middle East
- Clapham House currently operates in 78 locations
- Strong property pipeline built for openings in the financial year 2007/08; already focussing on programme for 2008/09

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

“I am delighted to report continued acceleration in both our opening programme and the growth in profits. The integration of Tootsies is complete and we are achieving positive results from our refurbishment programme and the introduction of new menus in this business. We are also seeing an excellent return from the conversions of Tootsies restaurants into GBKs. We have a very strong pipeline for organic expansion this year and have already opened 5 GBKs and 3 BBCs since 1 April 2007. I look forward to reporting on more strong progress in all areas this year.”

* before reorganisation costs of £0.8 million and FRS20 share option charge of £0.6 million

** before reorganisation costs of £0.8 million, FRS20 share option charge of £0.6 million and related deferred taxation of £0.2 million

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www.claphamhousegroup.com

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

Clapham House was listed 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. There are currently 78 Clapham House restaurant locations across four brands, 75 of which are within the UK and 3 GBK restaurants operating under franchise in the Middle East.

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

GBK offers a range of nutritious, delicious and sophisticated burgers (Winner of Retailers’ Retailer Best Concept 2007, Harden’s London Restaurants 2006: “Best Burger”, Time Out 2007: “the first and remains our favourite gourmet burger chain”). GBK uses only high quality, fresh ingredients to create each burger including oversized sourdough buns, 100% fully traceable Aberdeen Angus Scotch Beef patties, English chicken and other fresh produce delivered to the restaurants each day. GBK offers a variety of 27 burgers including Beef, Chicken, Lamb, Venison and Chorizo, as well as four Vegetarian burgers, Junior Beef and Junior Chicken burgers and delicious flavour combinations such as the Pesterella Burger (Beef, Mozzarella and Pesto). Seasonal specialities include Christmas burgers and lighter summer options, as well as GBK salads and bespoke GBK ice creams. The 27th GBK restaurant in the UK opened in Lakeside Shopping Centre in June 2007, with the 28th expected to open in Manchester later this month. The third GBK operating under franchise in the Middle East opened in the DIFC in Dubai in February 2007.

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 latest Tootsies opened in the Brent Cross Shopping Centre in August 2006. The menu is renowned for offering “great food for everyone” including legendary breakfasts and brunches, imaginative salads 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. (Zagat 2007: “the staff are cheerful and friendly even when your children aren’t”, Hardens 2007: “a great family destination”). Tootsies operates 25 restaurants within the UK.

The Bombay Bicycle Club (www.thebombaybicycleclub.com)

The Bombay Bicycle Club operates three restaurants and fourteen 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 2007: “posh takeaways are good value especially when delivered to your door”, Hardens 2007: “light, fresh and well-crafted curries”). The Bombay Bicycle Club home delivery service provides quality, freshly prepared food to more than 10,000 customers a week in the comfort of their own homes. Our loyalty scheme under the Penny Farthing Club banner has over 5,000 registered users with members enjoying a range of special offers and loyalty discounts. The Bombay Bicycle Club will continue to expand across and beyond Greater London 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 2007: “faultless Souvlaki...perfectly char-grilled”, Harden’s 2007: “revolutionalised our notions of Greek cooking”) 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 six locations, including a landmark restaurant on London’s South Bank. Later this year a 160 covers restaurant will open in London’s Spitalfields Market development.

The Clapham House Group PLC
Preliminary Results
for the year ended 1 April 2007

Chairman's Statement

It gives me great pleasure to report the preliminary results of Clapham House for the year ended 1 April 2007.

Results

During the year ended 1 April 2007, Clapham House's turnover increased substantially to £45.9 million from £17.3 million for the year ended 31 March 2006. This is a result of the continuing organic growth of our businesses and the acquisition of Urban Dining PLC in May 2006.

The Group's profits before the FRS20 charge, reorganisation costs and taxation in the year were £2,927,000 (2006 restated: £529,000). For the first time we are reporting our results net of a share based payments charge, in accordance with Financial Reporting Standard 20 ("FRS20"), following its adoption in the year. The FRS20 charge during the year was £639,000, an accounting charge that does not impact Clapham House's underlying cash flow. As expected we incurred reorganisation costs pursuant to the acquisition of Urban Dining PLC amounting to £760,000 during the year. Clapham House achieved profits before taxation during the year of £1,528,000 (2006 restated: £251,000). Diluted earnings per share for the year were 3.6p (2006 restated: 1.3p) while adjusted diluted earnings per share before reorganisation costs, FRS20 share option charge and deferred taxation arising from the adoption of FRS20 were 7.0p (2006 restated: 2.3p).

Corporate activity

In April 2006, Clapham House paid the agreed £6.9 million final deferred consideration, in cash, on the acquisition of the GBK business. This represented a total consideration for the acquisition of £10.0 million.

We completed the acquisition of Urban Dining PLC in May 2006 for £25.3 million in cash following the completion of a placing of new ordinary shares in the Company at 188p per share, raising £25.4 million before issue costs.

Following the year end we completed a placing and subscription for £5.1 million before issue costs to fund the acceleration of the expansion programme for GBK and BBC. At the same time, Clapham House acquired the remaining 9.5% of the issued share capital in CHG2 Limited, trading as The Bombay Bicycle Club, from Sarah Willingham, a director of Clapham House, for £750,000. This removes the last minority interest within the Group.

We are now progressing to conclude the final earn out consideration payable on the acquisition of The Real Greek Food Company Limited back in December 2003. No further payment is expected to be paid. Following the completion of this exercise, all earn-outs and deferred considerations will have been satisfied.

Openings

Our opening programme is progressing strongly and we added two new Tootsies, ten new GBKs and converted three Tootsies into GBKs during the year. Openings included GBK restaurants in the City of London (St Paul's), Covent Garden and Brighton and a new Tootsies restaurant in the Brent Cross shopping centre. We sold two loss making Tootsies restaurants during the year. This activity took the total number of restaurants and delivery kitchens to 72 at 1 April 2007. Since that date, we have opened a further 5 GBK restaurants in Cambridge, Walton-on-Thames, Notting Hill, Greenwich and Lakeside Shopping Centre and 3 BBC Delivery Kitchens in Surbiton, Friern Barnet and Greenwich. We have also disposed of two underperforming Tootsies restaurants in Ipswich and Tunbridge Wells. We do not envisage any further disposals of Tootsies locations.

The total number of locations currently operated by the Group is therefore 78, made up of 27 GBKs in the UK, 3 GBKs in the Middle East, 25 Tootsies, 17 BBCs and 6 TRGs.

We are currently building at 5 locations, including Windsor and 2 properties in Manchester, and have exchanged contracts on a further 7 locations throughout the UK. We also have a number of property contracts subject to advanced legal negotiations. We are finding and signing sites which fit both our geographic and financial requirements and expect to remain fully on course with our opening programme for the current financial year. The recent openings for both GBK and BBC are performing in line with our expectations.

Tootsies

The Tootsies business has been transformed since it was acquired in May 2006. All restaurants have now had some form of refurbishment with new seasonally varied menus introduced across the estate. Customer reaction has been positive and we have seen encouraging sales performances coming through in several high street locations. The Tootsies restaurants in shopping centres and leisure parks in particular continue to generate excellent levels of restaurant EBITDA.

We have also achieved synergy savings in Tootsies' purchasing and central systems, including areas such as wines, beers, cleaning materials and insurance. The Tootsies accounting function has now been fully incorporated within the Clapham House central team and the former Urban Dining PLC offices have been closed.

Gourmet Burger Kitchen

GBK's financial performance continues to be very strong both from established restaurants and also from newly opened locations. Returns on capital invested continue to be excellent. The level of new opening activity amply demonstrates our confidence in this format which is led by a highly experienced and capable management team. There are currently 27 GBK restaurants in the UK and we see no reason why there cannot be a significant number of GBK restaurants across the UK. Indeed we have already identified and are actively searching out the locations where we would like to site the first 100 GBK restaurants. Accordingly we are looking to accelerate our growth plans for this business wherever possible.

We are also very encouraged by the progress made by our GBK franchise partner in the Middle East who has now opened 1 GBK in Kuwait and 2 GBKs in Dubai. Further openings are planned in the region for later in the year. We believe this demonstrates GBK's international credentials and we are looking to develop further international markets under franchise during this financial year.

The Bombay Bicycle Club

BBC has enjoyed an excellent year with the new delivery kitchens opened last year showing substantial sales growth and becoming profitable ahead of our original expectations. Trade has also benefited from the introduction of an innovative new on-line ordering system that enables customers to pre-order and book delivery slots. This results in higher spend per head and enables delivery kitchens to operate more efficiently at peak times. Already more than 11% of BBC's sales are being generated on-line and we expect to see further growth in this area.

We are looking to significantly expand the BBC business this year and have already opened 3 delivery kitchens since 1 April 2007, with one further lease where we have exchanged contracts and more leases in advanced legal negotiations.

The Real Greek

We are currently concluding the earn-out arrangements for this business and are looking to expand The Real Greek estate again this financial year. Already we have exchanged contracts for a major location for The Real Greek in London's Spitalfields Market and we are targeting further openings in due course. We have also recently made a number of operational and management changes and expect the profitability of the business to improve further this year.

Innovation

We continually strive not only to expand but also to improve and develop our formats. Some examples of innovative developments introduced recently are:

- the introduction of seasonal items such as Christmas burgers, summer salads and ice creams to the GBK menu;
- focussed customer promotions for Tootsies in London and regional newspapers;
- a new customer loyalty scheme for BBC, "The Penny Farthing Club"; and
- a new extended menu and meze serving style for TRG.

Funding

During the year we have continued to invest in strengthening our infrastructure and management teams to support our planned restaurant expansion programme. Despite this, we generated a net cash inflow from operating activities of £4.96 million (after exceptional costs).

We invested £11.2 million in capital expenditure on new sites and infrastructure and £32.7 million on acquisitions split between the acquisition of Urban Dining PLC for £25.8m, inclusive of costs, and the earn out payment for GBK of £6.9m. As at 1 April 2007 Clapham House's net debt amounted to £9.5 million, funded by a new debt facility of £19.0 million which was put in place in August 2006.

Following the year end Clapham House raised £5.1 million, before expenses, from the placing of 1,549,486 new ordinary shares of 10 pence each at a placing price of 300 pence per ordinary share with institutional and other investors and subscriptions from David Sykes, Sarah Willingham, Nicholas Wong and one other member of the senior management. The funds raised are being used to accelerate the Company's expansion of its GBK and BBC formats across the UK.

Dividends

No final dividend is being proposed. As described in the Company's admission document 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 continue to be delivering capital growth for shareholders.

Outlook

It has again been a very positive year, with strong progress made in terms of rapidly expanding GBK, integrating Tootsies and implementing innovative trading initiatives across our operations. At the same time, we have shown strong profits growth. The new financial year has started in the same vein, indeed we are looking to accelerate our expansion even further. We remain extremely positive regarding the prospects for the UK casual dining market and in particular for our formats. I look forward to reporting on more strong progress in all these areas as the year progresses.

David Page
Chairman
19 June 2007

The Clapham House Group PLC
Consolidated Profit and Loss Account
for the year ended 1 April 2007

	Notes	Acquired operation £'000	Year ended 1 April 2007 Continuing operations £'000	Total £'000	Year ended 31 March 2006 Restated £'000
Turnover		22,107	23,844	45,951	17,332
Cost of sales		(13,812)	(15,129)	(28,941)	(11,459)
Gross profit		<u>8,295</u>	<u>8,715</u>	<u>17,010</u>	<u>5,873</u>
Administrative expenses – excluding exceptional costs		<u>(5,973)</u>	<u>(7,653)</u>	<u>(13,626)</u>	<u>(5,606)</u>
Operating profit before exceptional costs		2,322	1,062	3,384	267
Exceptional costs	2	(71)	(740)	(811)	(437)
Operating profit/(loss)		<u>2,251</u>	<u>322</u>	<u>2,573</u>	<u>(170)</u>
Cost of fundamental reorganisation	3			(760)	-
Profit/(loss) on ordinary activities before interest				<u>1,813</u>	<u>(170)</u>
Investment income				65	463
Interest payable				(350)	(42)
Profit on ordinary activities before taxation				<u>1,528</u>	<u>251</u>
Taxation	4			(270)	17
Profit on ordinary activities after taxation				<u>1,258</u>	<u>268</u>
Earnings per share					
Basic	5			3.8p	1.3p
Diluted	5			3.6p	1.3p

The Clapham House Group PLC
Statement of Total Recognised Gains and Losses
for the year ended 1 April 2007

	Notes	Year ended 1 April 2007 £'000	Year ended 31 March 2006 Restated £'000
Profit for the year		1,258	268
Prior year adjustment (FRS 20)		(326)	<u> </u>
Prior year adjustment (NIC)		(293)	
Prior year adjustment (Deferred Tax)		202	
Total recognised gains and losses		<u> </u> 841	

The Clapham House Group PLC
Consolidated Balance Sheet
as at 1 April 2007

	Notes	As at 1 April 2007 £'000	As at 31 March 2006 Restated £'000
Fixed assets			
Intangible assets		38,130	14,089
Tangible assets		27,923	9,681
		<u>66,053</u>	<u>23,770</u>
Current assets			
Stocks		967	416
Debtors	6	3,627	1,502
Cash at bank and in hand		334	8,035
		<u>4,928</u>	<u>9,953</u>
Current liabilities			
Creditors: amounts falling due within one year	7	(13,357)	(10,438)
Net current liabilities			
		<u>(8,429)</u>	<u>(485)</u>
Total assets less current liabilities			
		<u>57,624</u>	<u>23,285</u>
Creditors: amounts falling due after more than one year			
		(8,200)	(425)
Provisions for liabilities and charges			
		(61)	(1,149)
Net assets			
		<u>49,363</u>	<u>21,711</u>
Capital and reserves			
Called up share capital	8	3,492	2,029
Share premium account	8	44,061	19,769
Profit and loss account	8	1,810	(87)
Equity shareholders' funds	8	<u>49,363</u>	<u>21,711</u>

The Clapham House Group PLC
Consolidated Cash Flow Statement
for the year ended 1 April 2007

	Notes	Year ended 1 April 2007 £'000	Year ended 31 March 2006 £'000
Net cash inflow from operating activities	9a	4,958	604
Returns on investment and servicing of finance		(285)	421
Taxation		(84)	(59)
Capital expenditure and financial investment		(10,680)	(5,065)
Acquisitions and disposals	9b	(32,699)	(325)
Cash outflow before use of liquid resources and financing		(38,790)	(4,424)
Management of liquid resources		6,910	(6,910)
Financing	9c	29,654	(61)
Decrease in cash in the year		(2,226)	(11,395)

Reconciliation of net cash flow to movement in net debt

	Notes	Year ended 1 April 2007 £'000	Year ended 31 March 2006 £'000
Decrease in cash in the year		(2,226)	(11,395)
Cash flow from (decrease)/increase in liquid resources		(6,910)	6,910
Cash outflow from change in debt		(3,899)	71
Change in net funds resulting from cash flows		(13,035)	(4,414)
Debt acquired with subsidiary		(3,800)	-
Movement in net debt in the year		(16,835)	(4,414)
Net funds at the beginning of the year		7,312	11,726
Net (debt)/funds at end of year	9d	(9,523)	7,312

The Clapham House Group PLC
Notes to the Preliminary Results
for the year ended 1 April 2007

1. Basis of preparation

The above financial information does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The figures for the year ended 31 March 2006 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 figures for the year ended 1 April 2007 use the same accounting policies as for the year ended 31 March 2006 save for the adjustments from the adoption of FRS20 in the year as described below. The adoption of FRS20 has led to the restatement of the results for the year ended 31 March 2006.

FRS 20 – Share Based Payments

The group has adopted FRS 20 Share Based Payments in the current year. FRS20 requires the recognition of a charge for share based payment transactions which include for example share options or restricted shares granted to employees that require a certain length of service before vesting. The adoption of FRS 20 also requires a prior year adjustment to be made.

This has created an adjustment to the profit and loss reserve as at 31 March 2006 of £326,000. Of this amount, £278,000 related to the year ended 31 March 2006.

In accordance with applicable accounting standards an accrual has been recognised at each of the balance sheet dates representing an estimate of the National Insurance Contributions (“NIC”) payable by the Group on the exercise of share options under the Unapproved Share Option Scheme. This has created an adjustment to the profit and loss reserve as at 31 March 2006 of £293,000 of which £154,000 relates to the year ended 31 March 2006.

In accordance with applicable accounting standards a deferred tax asset has been recognised at each of the balance sheet dates as a result of the adoption of FRS20 and the accrual for NIC representing an estimate of the future tax relief available when the share options are exercised. This has increased the profit and loss reserve as at 31 March 2006 by £202,000. Of this amount £103,000 related to the year ended 31 March 2006.

Goodwill and amortisation

Goodwill being the excess of the cost of an acquisition over the fair value attributed to the net assets at acquisition is capitalised. The useful economic life of the goodwill arising on each acquisition is determined at the time of the acquisition. The Directors consider that it is appropriate to assign an indefinite life to the goodwill which arose on the acquisition of Urban Dining PLC during the year in view of the strength of the brand of the Tootsies businesses developed over previous years of trading, and the Board’s plans to continue the brand development. These attributes are deemed to have indefinite durability, which has been determined based on the following factors: the ability to replicate and expand the business; and the long life span of the brand and its ethos.

Goodwill on the acquisition of Urban Dining PLC is not being amortised through the profit and loss account; however, it is subject to annual impairment reviews in accordance with Financial Reporting Standard 11. Impairment of the goodwill is evaluated by comparing the present value of the expected future cash flows, excluding financing and tax (the ‘value-in-use’) to the carrying value of the underlying net assets and goodwill. If the net assets and goodwill were to exceed the value-in-use, an impairment would be deemed to have occurred and the resulting write-down in the goodwill would be charged to the profit and loss account immediately.

Paragraph 28 of schedule 9 to the Companies Act 1985 requires that all goodwill carried on the balance sheet should be amortised. In the case of the goodwill arising on the acquisition of Urban Dining PLC, the Directors consider it appropriate to depart from this requirement in order to comply with the over-riding requirement for the accounts to show a true and fair view. If the goodwill was amortised over a period of 20 years, profit before tax for the year ended 1 April 2007 would be £1,802,000 lower, with a cumulative reduction in reserves of £3,142,000; intangible assets on the balance sheet would also be £3,142,000 lower.

2. Exceptional costs

The exceptional costs for the year ended 1 April 2007 and year ended 31 March 2006 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.

3. Cost of fundamental reorganisation

The cost of fundamental reorganisation for the year ended 1 April 2007 represent the reorganisation costs pursuant to the acquisition of Urban Dining PLC.

4. Taxation

	Year ended 1 April 2007 £'000	Year ended 31 March 2006 Restated £'000
Based on the result for the year:		
UK Corporation tax at 30% (2005: 30%)	-	121
Under/(Over) provision in earlier years	10	(11)
Total current tax	<u>10</u>	<u>110</u>
Deferred taxation:		
Origination and reversal of timing differences	(280)	(93)
Taxation payable	<u>(270)</u>	<u>17</u>

5. Earnings per share

	Year ended 1 April 2007 £'000	Year ended 31 March 2006 Restated £'000
Profit on ordinary activities after taxation	1,258	268
Cost of fundamental reorganisation	760	-
FRS20 Share option charge	639	278
Deferred taxation in relation to FRS20 charge	(192)	(56)
Headline earnings	<u>2,465</u>	<u>490</u>
Weighted average number of shares in issue	33,010,898	20,423,047
Dilutive effect of share options	1,956,677	497,172
Weighted average number of shares in issue after allowing for dilutive potential ordinary shares	<u>34,967,575</u>	<u>20,920,219</u>
Earnings per share:		
Basic	3.8p	1.3p
Diluted	3.6p	1.3p
Headline Basic	7.5p	2.4p
Headline Diluted	<u>7.0p</u>	<u>2.3p</u>

6. Debtors

	2007 £'000	2006 Restated £'000
Due within one year:		
Trade debtors	1,258	172
Other debtors	113	60
Prepayments and accrued income	1,741	756
Deferred taxation	-	210
	<u>3,112</u>	<u>1,198</u>
Due in over one year:		
Other debtors	515	304
	<u>3,627</u>	<u>1,502</u>

7. Creditors – amounts falling due within one year

	2007	2006
	£'000	£'000
Bank loans and overdrafts	1,657	298
Trade creditors	6,303	1,252
Corporation tax	26	110
Other taxation and social security	1,275	774
Other creditors	1,176	7,178
Accruals and deferred income	2,920	826
	<u>13,357</u>	<u>10,438</u>

8. Reconciliation of movements in equity shareholders' funds

	Share capital	Share premium	Retained earnings	Shareholders Funds
	£'000	£'000	£'000	£'000
At 1 April 2005	1,995	19,563	(864)	20,694
Prior year adjustments	-	(270)	231	(39)
	<u>1,995</u>	<u>19,293</u>	<u>(633)</u>	<u>20,655</u>
Ordinary shares issued (net of expenses)	34	476	-	510
FRS20 Share option charge	-	-	278	278
Profit for the financial year	-	-	268	268
	<u>2,029</u>	<u>19,769</u>	<u>(87)</u>	<u>21,711</u>
At 1 April 2006	2,029	19,769	(87)	21,711
Ordinary shares issued (net of expenses)	1,463	24,292	-	25,755
FRS20 Share option charge	-	-	639	639
Profit for the financial year	-	-	1,258	1,258
	<u>3,492</u>	<u>44,061</u>	<u>1,810</u>	<u>49,363</u>
At 1 April 2007	<u>3,492</u>	<u>44,061</u>	<u>1,810</u>	<u>49,363</u>

9. Notes to the consolidated cash flow statement

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

	Year ended 1 April 2007 £'000	Year ended 31 March 2006 Restated £'000
Operating profit/(loss)	1,813	(170)
Cost of fundamental reorganisation	760	-
Depreciation and amortisation	1,902	791
FRS20 share option charge	639	278
Loss/(profit) on disposal of tangible fixed assets	31	(2)
	<hr/>	<hr/>
	5,145	897
Increase in stocks	(279)	(207)
Increase in debtors	(1,069)	(617)
Increase in creditors	2,062	531
Payments in respect of fundamental reorganisation	(901)	-
	<hr/>	<hr/>
Net cash inflow from operating activities	4,958	604
	<hr/> <hr/>	<hr/> <hr/>

b. Acquisitions and disposals

	Year ended 1 April 2007 £'000	Year ended 31 March 2006 £'000
Purchase of subsidiary undertakings (including costs)	(32,852)	(325)
Net cash acquired with subsidiary	153	-
	<hr/>	<hr/>
Net cash outflow from acquisition	(32,699)	(325)
	<hr/> <hr/>	<hr/> <hr/>

c. Financing

	Year ended 1 April 2007 £'000	Year ended 31 March 2006 £'000
Capital repayments on bank loans	(4,301)	(71)
Capital drawn on bank loans	8,200	-
Gross proceeds of ordinary shares issued	26,235	-
Issue costs	(480)	10
	<hr/>	<hr/>
Net cash inflow/(outflow) from financing	29,654	(61)
	<hr/> <hr/>	<hr/> <hr/>

d. Analysis of net debt

	As at 31 March 2006 £'000	Cash flow £'000	Acquisition £'000	As at 1 April 2007 £'000
Cash in hand and at bank	1,125	(791)	-	334
Overdrafts	(222)	(1,435)	-	(1,657)
	<u>903</u>	<u>(2,226)</u>	<u>-</u>	<u>(1,323)</u>
Short term deposits	6,910	(6,910)	-	-
Debt due within one year	(76)	76	-	-
Debt due after one year	(425)	(3,975)	(3,800)	(8,200)
Net (debt)/funds	<u>7,312</u>	<u>(13,035)</u>	<u>(3,800)</u>	<u>(9,523)</u>

10. Acquisitions

On 5 May 2006, the Company acquired the issued share capital of Urban Dining PLC for a cash consideration of £25,329,000 plus costs, generating goodwill of £24,260,000. The book value and fair value of net assets acquired were as follows:

	£'000
Fixed assets	9,376
Stock	271
Debtors	1,266
Net debt	(3,647)
Creditors – amounts due within one year	(5,738)
Net assets	<u>1,528</u>

The acquired business contributed £460,000 to the group's net operating cash flows, paid £229,000 in respect of net returns on investments and servicing of finance and utilised £1,944,000 for capital expenditure.

11. Report and accounts

The preliminary statements do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

The statutory accounts for the year ended 1 April 2007 will be sent to shareholders in August 2007 and will be filed with the Registrar of Companies following their adoption at the forthcoming Annual General Meeting.