

30 June 2008

## The Clapham House Group PLC Unaudited Preliminary Results for the year ended 30 March 2008

### SUBSTANTIAL GROWTH IN TURNOVER AND PROFITS

Clapham House, the restaurant group which owns and operates Gourmet Burger Kitchen (“GBK”), Tootsies, The Bombay Bicycle Club (“BBC”) and The Real Greek (“TRG”), today announces its unaudited preliminary results for the year ended 30 March 2008.

#### Highlights:

- Revenue up 30% for the year to £59.5m (2007: £45.9m) driven by strong organic growth
- Headline EBITDA\* up 52% for the year to £8.9m (2007: £5.9m)
- Headline profit before taxation\*\* up 30% for the year to £4.7m (2007: £3.7m)
- Headline diluted EPS\*\* up 27% to 11.8p (2007 : 9.3p)
- Restaurants operated at year end up to 96 (2007: 72)
- Net debt as at 30 March 2008 of £16.0m (2007: £9.5m)
- Statutory profit before taxation of £0.9m (2007: £1.5m)
- Statutory diluted EPS of 0.5p (2007: 3.2p)

#### Operational Highlights:

- Continued successful expansion of the GBK business – 21 new restaurants opened in the UK in FY08
- Tootsies sales stabilised following introduction of new management, new menus and sales promotions
- 2 further GBK openings since 30 March 2008
- The number of Group restaurants operated is now 98

#### Current trading:

- Current trading satisfactory
- Board cautious on UK economic outlook

\* *Headline EBITDA is defined as headline profit before taxation and before depreciation and amortisation, finance income and finance costs.*

\*\* *Before impairment of property, plant and equipment, restructuring costs, share based payments, deferred taxation on share based payments and pre-opening costs..*

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

*“These results again show substantial growth in sales and profits for Clapham House. We are continuing to expand all our businesses at rates that are, we feel, appropriate for this stage of the UK economic cycle. Trading to date in the new financial year is satisfactory although, like many others, we are cautious regarding the UK financial outlook. We do, however, remain highly positive about the mid term prospects for our brands and the UK eating out market.”*

## Enquiries

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## Notes to Editors:

- The Clapham House Group PLC gained admission to AIM in November 2003 with a strategy to build a unique restaurant group of high quality brands and to develop exciting restaurant concepts throughout the UK.
- Clapham House has built up a portfolio of four strong brands:

**Gourmet Burger Kitchen** ([www.gbk.co.uk](http://www.gbk.co.uk)) – a sophisticated, highly regarded and award winning gourmet burger chain, with 44 restaurants, 26 of which are in London. GBK has recently received a nomination for ‘Best Restaurant Chain’ at the London Restaurant Awards 2008.

**Tootsies** ([www.tootsiesrestaurants.co.uk](http://www.tootsiesrestaurants.co.uk)) – offering a family friendly all day menu, the first Tootsies restaurant opened in Holland Park over 35 years ago; today Tootsies has 24 locations across the UK and continues to grow.

**The Bombay Bicycle Club** ([www.thebombaybicycleclub.com](http://www.thebombaybicycleclub.com)) - distinctive Indian cuisine, with 3 restaurants and 15 delivery kitchens throughout London, providing exceptional quality Indian food.

**The Real Greek** ([www.therealgreek.com](http://www.therealgreek.com)) – healthy Eastern Mediterranean cuisine, with six restaurants across London serving meze and TRG’s much loved souvlaki. The Real Greek has recently received a nomination for ‘Best Restaurant Chain’ at the London Restaurant Awards 2008.

## Chairman's Statement

It gives me great pleasure to report the unaudited preliminary results of Clapham House for the year ended 30 March 2008.

### Results

During the year ended 30 March 2008, Clapham House's revenue increased 30% from £45.9m to £59.5m. This is a result of the continuing organic growth of our restaurant brands. The Group's headline EBITDA increased 52% for the year to £8.9m (2007: £5.9m).

Headline profit before taxation increased 30% to £4.7m (2007: £3.7m). Pre-opening costs of £1.1m (£0.8m) were incurred during the year and share based payments amounted to £0.5m (2007: £0.6m).

The Group incurred non-trading charges consisting of a £0.7m write down of fixed assets at the Canary Wharf restaurant which has been converted from Tootsies to a GBK and a £0.1m charge relating to the departure of Sarah Willingham, a director of the Company, at the year end. There is also a further £1.3m charge for the impairment of property, plant and equipment, reducing the carrying values of a number of Tootsies restaurants which have traded below expectations.

The effective tax rate for the year to 30 March 2008 as a percentage of profit before taxation before share based payments and impairment charges is 26.6% (2007: 15.8%).

Statutory diluted earnings per share for the period were 0.5p (2007: 3.2p) while headline diluted earnings per share before impairment charges, restructuring costs, share based payments, deferred taxation arising on share based payments and pre-opening costs were 11.8p (2007: 9.3p).

### Openings

Our restaurant opening programme has progressed well with 24 new restaurant locations added during the year. There were 21 new GBKs opened in the UK including the conversion of the Tootsies restaurant at Canary Wharf and new restaurants in Oxford, Cambridge, Leeds, Birmingham and Manchester. In addition, two GBKs were opened in international territories. 4 new BBC delivery kitchens were opened and 2 loss-making Tootsies restaurants were sold. This activity took the total number of Clapham House restaurants and delivery kitchens to 96 at 30 March 2008 (2007: 72).

Since 30 March 2008, 2 further GBK restaurants have been opened in London's Baker Street and, under franchise, in Belfast, taking the total number of locations operated by the Company today to 98 : 50 GBK restaurants (44 UK; 6 international), 24 Tootsies and Dexters restaurants, 18 BBC restaurants and delivery kitchens and 6 The Real Greek restaurants.

We have commenced building at the GBK restaurant at London's Spitalfields development after a delay of more than one year whilst the landlord completed the premises. We have a further 9 restaurant locations signed and planned for construction later in this financial year. In addition, our franchise partners in Ireland and the Middle East have 2 GBK restaurants under construction. A Dexters restaurant is expected to open this summer at Bristol airport. This will be operated under franchise and if successful may be the first of several openings for the Tootsies/Dexters brand in UK airports.

We are pleased to observe that rental and premium prices are now becoming more realistic than they were six months ago. However, we believe that over the next year there will be further realignment in property costs and it will remain our policy not to enter into over-rented leases.

## **Gourmet Burger Kitchen**

We remain convinced of the strong and profitable expansion potential for GBK in the UK, with our latest opening at Baker Street performing very well since opening in May 2008. Our openings this year for GBK will be focused on major UK cities and high footfall developments such as Liverpool and Westfield London White City.

Internationally, we now have GBK operating in the Middle East, Turkey and Ireland. These markets are being developed under franchise arrangements at no capital cost to Clapham House. Over time, an attractive royalty stream should be produced from the GBK international business.

## **Development Brands**

### *Tootsies*

A number of initiatives were launched within the Tootsies business last autumn including a new menu, an improved food offer, a broader range of classic dishes under the “Food for Everyone” banner, a new kids menu in partnership with child nutritionist Annabel Karmel and the introduction of daily specials and a fixed price menu to drive footfall and localised marketing initiatives. We are delighted that these initiatives appear to be working with sales now stabilised at Tootsies.

### *The Bombay Bicycle Club*

The BBC delivery model continues to offer “restaurant quality food delivered to your door” and we are pleased to report that on line ordering now amounts to more than 16% of all sales. The development of this element of trade will be a key priority this year as on line sales are usually higher than telephone sales and in due course should enable us to reduce costs at store level.

### *The Real Greek*

The Real Greek traded well last year with the flagship restaurant on London’s South Bank and the Covent Garden restaurant performing particularly well. We have new excellent London locations at Spitalfields and White City scheduled to open in this financial year.

## **Costs**

We remain firmly focused on recent food and energy cost inflation and will continue to seek to neutralise any adverse effects with better buying. We are reviewing all supply chain arrangements to ensure cost efficiency is maximised. In addition, we regularly review and revise our food and drink menus and will this year carefully analyse the scope and requirement for menu inflation.

We have introduced a new management system to all our restaurants to ensure that labour costs are managed as tightly as possible.

## **Promotional activity**

We have launched a number of promotions across our brands including the GBK Official Love Bus tour of UK cities, a Tootsies promotion with Tesco Clubcard holders, incentives for The Bombay Bicycle Club customers to transact on line and The Real Greek Gets the Ouzo Flowing campaign at Euro 2008.

## **Funding**

We generated a net cash inflow from operating activities of £9.2m (2007: £4.9m) and we invested £19.6m in the year (2007: £11.2m) in capital expenditure on new sites and infrastructure.

Net debt at 30 March 2008 was £16.0m (2007: £9.5m). The Company's banking facilities are currently £21.7 million.

## **Impact of the adoption of International Financial Reporting Standards**

The financial information shown in this interim statement is presented for the first time in accordance with International Financial Reporting Standards and IFRIC Interpretations as adopted in the E.U. ("IFRS"). The comparative information for the year ended 1 April 2007 has been restated under these standards.

The impact on the Group's income statement for the year ended 30 March 2008 has been to reduce the UK GAAP profit before taxation for the year by £0.3m as a result of the change in treatment of lease inducements and brand amortisation. We expect a charge of £0.5m in the coming year as the full year effect of new leases are recognised. Under UK GAAP, the Group recognised rent-free periods on property leases over the period to the commencement of the first rent review. Under IFRS, lease incentives are spread over the full term of the lease.

## **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.

## **Current trading and outlook**

In December 2007, we made the strategic decision to reduce our opening programme for the financial year 2008/09. Whilst we are continuing to grow and expand all of our businesses we believe that this cautious approach is wise in the current economic climate.

Trading to date in the new financial year is satisfactory although, like many others, we are conscious of the UK economic outlook. We do, however, remain highly positive about the mid term market prospects for our brands and the UK eating out market.

**David Page**  
**Chairman**  
**30 June 2008**

**The Clapham House Group PLC**  
**Unaudited Consolidated Income Statement**  
**for the year ended 30 March 2008**

	Notes	Year ended 30 March 2008	Year ended 1 April 2007
		£'000	£'000
<b>Continuing operations</b>			
<b>Revenue</b>	4	59,497	45,951
Cost of sales		(35,485)	(28,941)
<b>Gross profit</b>		<u>24,012</u>	<u>17,010</u>
Administrative expenses		(18,342)	(13,065)
<b>Headline operating profit</b>		<u>5,670</u>	<u>3,945</u>
Share based payments		(516)	(639)
Pre-opening costs	5	(1,136)	(811)
<b>Operating profit</b>		<u>4,018</u>	<u>2,495</u>
Impairment of property, plant and equipment	6	(1,343)	-
Restructuring costs	7	(823)	(760)
Finance income		61	65
Finance costs		(985)	(350)
<b>Profit before taxation</b>		<u>928</u>	<u>1,450</u>
Income tax expense	8	(741)	(331)
<b>Profit for the year attributable to equity shareholders of the parent</b>		<u>187</u>	<u>1,119</u>
Earnings per share			
Basic	9	0.5p	3.4p
Diluted	9	0.5p	3.2p

**The Clapham House Group PLC**  
**Unaudited Consolidated Balance Sheet**  
**as at 30 March 2008**

	<i>Notes</i>	2008 £'000	2007 £'000
<b>Non-current assets</b>			
Intangible assets including goodwill		38,389	38,100
Property, plant and equipment	10	42,423	27,923
Trade and other receivables		577	499
Deferred taxation assets		-	549
Investments		63	-
		<u>81,452</u>	<u>67,071</u>
<b>Current assets</b>			
Inventories		1,383	967
Trade and other receivables		4,210	3,128
Current taxation assets		6	-
Cash and cash equivalent		2,115	334
		<u>7,714</u>	<u>4,429</u>
<b>Total assets</b>		<u>89,166</u>	<u>71,500</u>
<b>Current liabilities</b>			
Trade and other payables		(14,552)	(11,772)
Current taxation liabilities		-	(26)
Bank overdrafts and loans		(74)	(1,657)
		<u>(14,626)</u>	<u>(13,455)</u>
<b>Non-current liabilities</b>			
Bank loans	11	(18,000)	(8,200)
Deferred taxation liabilities		(289)	-
Long term provisions		-	-
		<u>(18,289)</u>	<u>(8,200)</u>
<b>Total liabilities</b>		<u>(32,915)</u>	<u>(21,655)</u>
<b>Net assets</b>		<u>56,251</u>	<u>49,845</u>
<b>Equity</b>			
Called up share capital		3,732	3,492
Share premium		49,596	44,061
Retained earnings		2,923	2,292
<b>Total equity attributable to equity shareholders of the parent</b>		<u>56,251</u>	<u>49,845</u>

**The Clapham House Group PLC**  
**Unaudited Consolidated Statement of Change in Equity**  
**for the year ended 30 March 2008**

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total equity £'000
At 1 April 2006	2,029	19,769	57	21,855
Profit for the year	-	-	1,119	1,119
Deferred taxation on share based payments	-	-	477	477
Total recognised income and expense for the period	-	-	1,596	1,596
Ordinary shares issued (net of expenses)	1,463	24,292	-	25,755
Share based payments	-	-	639	639
Total change in equity	1,463	24,292	2,235	27,990
At 1 April 2007	3,492	44,061	2,292	49,845
Profit for the year	-	-	187	187
Deferred taxation on share based payments	-	-	(609)	(609)
Current taxation on share based payments	-	-	537	537
Total recognised income and expense for the period	-	-	115	115
Ordinary shares issued (net of expenses)	240	5,535	-	5,775
Share based payments	-	-	516	516
Total change in equity	240	5,535	631	6,406
At 30 March 2008	3,732	49,596	2,923	56,251

**The Clapham House Group PLC**  
**Unaudited Consolidated Cash Flow Statement**  
**for the year ended 30 March 2008**

	<i>Notes</i>	Year ended 30 March 2008 £'000	Year ended 1 April 2007 £'000
<b>Net cash flow from operating activities</b>	12	9,217	4,874
<b>Investing activities</b>			
Acquisition of property, plant and equipment and intangible assets		(19,879)	(11,193)
Proceeds on disposal of property, plant and equipment		290	513
Purchase of investments		(63)	-
Acquisition of subsidiaries		(852)	(32,699)
Interest received		61	65
Net cash used in investing activities		<u>(20,443)</u>	<u>(43,314)</u>
<b>Financing activities</b>			
Proceeds from issue of new ordinary shares (net of expenses)		5,775	25,755
Repayment of borrowings		-	(4,301)
Proceeds of new borrowings		9,800	8,200
Interest paid		(985)	(350)
Net cash from financing activities		<u>14,590</u>	<u>29,304</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>3,364</u>	<u>(9,136)</u>
<b>Cash and cash equivalents at the beginning of the year</b>		<u>(1,323)</u>	<u>7,813</u>
<b>Cash and cash equivalents at the end of the year</b>		<u><u>2,041</u></u>	<u><u>(1,323)</u></u>

**The Clapham House Group PLC**  
**Notes to the Unaudited Preliminary Results**  
**for the year ended 30 March 2008**

1. General information

The Clapham House Group PLC is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is Suite D, 1 Lindsey Street, London, EC1A 9HP, United Kingdom. The Annual Report and Accounts will be made available from the above address or the investor section of the Company's website at <http://www.claphamhousegroup.com> five working days from the date of release.

2. Basis of preparation

The Group has adopted International Financial Reporting Standards and IFRIC Interpretations ("IFRS"). The Group will apply IFRS as adopted by the European Union.

The preliminary results for the year ended 30 March 2008 do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. Statutory accounts for the year ended 1 April 2007 were prepared under UK GAAP and have been delivered to the Registrar of Companies. The audit report on these statutory accounts was unqualified and did not contain a statement either under section 237(2) or 237(3) of the Companies Act 1985.

The financial information for the year ended 1 April 2007 has been extracted from the statutory accounts for the Group for the period, amended to conform to the IFRS accounting policies applied in the consolidated financial statements for the year ending 30 March 2008. Included within note 14 is an analysis of how balance sheets, income statements and cash flow statements primarily prepared under UK GAAP have changed under IFRS.

The preliminary announcement has been prepared using the same accounting policies as published in the interim announcement for the period ended 30 September 2007, except for an adjustment to reflect the recognition of a separately identifiable intangible asset representing the Tootsies brand following the restatement of the acquisition under IFRS 3 - see note 14.

The preliminary announcement is presented in Pounds Sterling because that is the currency of the primary economic environment in which the group operates. All values are rounded to the nearest thousand Pounds (£'000) except when otherwise indicated.

3. Definition of terms

*Operating profit*

Operating profit is defined as profits from operations after share based payments and pre-opening costs but before impairment of property, plant and equipment, restructuring costs, finance income, finance costs and taxation.

*Headline operating profit*

Headline operating profit is defined as operating profit before share based payments and pre-opening costs.

*Headline EBITDA*

Headline EBITDA is defined as headline operating profit before depreciation and amortisation.

*Headline profit before taxation*

Headline profit before taxation is defined as profit before taxation before impairment of property, plant and equipment, restructuring costs, share based payments and pre-opening costs.

#### 4. Business segments

For management purposes, the Group is currently organised into two operating groups, Core Brand and Developing Brands. These divisions are the basis on which the Group reports its primary segment information.

These groups are made up as follows:

Gourmet Burger Kitchen;  
Developing Brands – made up of The Real Greek, The Bombay Bicycle Club and Tootsies/Dexters.

For the year ended 30 March 2008

	Gourmet Burger Kitchen £'000	Developing Brands £'000	Head Office £'000	Eliminations £'000	Group £'000
Revenue	28,041	31,456	-	-	59,497
Headline EBITDA	7,116	3,309	(1,503)	-	8,922
Depreciation and amortisation	(1,436)	(1,683)	(101)	(32)	(3,252)
Headline operating profit/(loss)	5,680	1,626	(1,604)	(32)	5,670
Operating profit/(loss)	4,452	1,411	(1,813)	(32)	4,018
Impairment of property, plant and equipment	-	(1,343)	-	-	(1,343)
Restructuring costs	-	(693)	(130)	-	(823)
Segment result	4,452	(625)	(1,943)	(32)	1,852
Finance income					61
Finance costs					(985)
<b>Profit before taxation</b>					928
Income tax expense					(741)
<b>Profit for the year</b>					187
Segment assets	31,249	61,332	72,630	(76,045)	89,166
Segment liabilities	(24,698)	(50,286)	(19,509)	61,578	(32,915)
<b>Net assets</b>	6,551	11,046	53,121	(14,467)	56,251
Other segment information					
Capitalised intangible assets additions	196	63	-	-	259
Capitalised property, plant and equipment additions	16,363	2,856	401	-	19,620

For the year ended 1 April 2007

	Gourmet Burger Kitchen £'000	Developing Brands £'000	Head Office £'000	Eliminations £'000	Group £'000
Revenue	13,709	32,242	-	-	45,951
Headline EBITDA	2,900	3,826	(849)	-	5,877
Depreciation and amortisation	(581)	(1,275)	(46)	(30)	(1,932)
Headline operating profit/(loss)	2,319	2,551	(895)	(30)	3,945
Operating profit/(loss)	1,400	2,329	(1,204)	(30)	2,495
Restructuring costs	(156)	(591)	(13)	-	(760)
Segment result	1,244	1,738	(1,217)	(30)	1,735
Finance income					65
Finance costs					(350)
<b>Profit before taxation</b>					1,450
Income tax expense					(331)
<b>Profit for the year</b>					1,119
Segment assets	14,283	61,890	58,569	(63,242)	71,500
Segment liabilities	(11,495)	(49,484)	(10,056)	49,380	(21,655)
<b>Net assets</b>	2,788	12,406	48,513	(13,862)	49,845
Other segment information					
Capitalised intangible assets additions	16	10	-	-	26
Capitalised property, plant and equipment additions	8,160	2,880	127	-	11,167

The Group's two business segments primarily operate in one geographical area which is the Group's home country, United Kingdom.

5. Pre-opening costs

Pre-opening costs represent the costs incurred up to the date of opening a new restaurant that are written off to the income statement in the period in which they are incurred.

6. Impairment of property, plant and equipment

The impairment losses of £1,343,000 (2007: £Nil) recognised in the income statement in respect of property, plant and equipment relate to various Tootsies/Dexters restaurants.

7. Restructuring costs

The restructuring costs for the year ended 30 March 2008 and 1 April 2007 represent predominantly the restructuring costs pursuant to the acquisition of Urban Dining PLC. These costs include the restructuring of the management team and the closure and transfer of restaurants for conversion.

## 8. Income tax expense

	Year ended 30 March 2008 £'000	Year ended 1 April 2007 £'000
Current taxation		
UK corporation tax at 30% (2007: 30%)	538	-
Adjustment in respect of prior years	(26)	(10)
Total current tax	<u>512</u>	<u>(10)</u>
Deferred taxation		
Origination and reversal of temporary timing differences	233	341
Effect of decreased taxation rate	(4)	-
Tax attributable to the company and its subsidiaries	<u>741</u>	<u>331</u>
	<u><u>741</u></u>	<u><u>331</u></u>
Factors affecting tax charge for year:	Year ended 30 March 2008 £'000	Year ended 1 April 2007 £'000
Profit before taxation	928	1,450
Taxation at UK corporation tax rate of 30% (2007: 30%)	<u>278</u>	<u>435</u>
Tax effect of expenses not deductible for tax purposes	1	90
Tax effect of unrecognised temporary differences	(161)	(184)
Tax effect of taxation losses not previously recognised	292	-
Share based payments not recognised in deferred taxation	408	-
Effect of change in tax rate on deferred taxation assets	(51)	-
Adjustment of tax charge in respect of previous years	(26)	(10)
Income tax expense from continuing operations	<u>741</u>	<u>331</u>
	<u><u>741</u></u>	<u><u>331</u></u>

## 9. Earnings per share

	Year ended 30 March 2008 £'000	Year ended 1 April 2007 £'000
Earnings for the purpose of basic and diluted earnings per share:		
Net profit for the year attributable to equity holders of the parent	187	1,119
Impairment of property, plant and equipment	1,343	-
Restructuring costs	823	760
Share based payments	516	639
Deferred taxation on share based payments	408	(61)
Pre-opening costs	1,136	811
	<hr/>	<hr/>
Adjusted earnings for the period for the purposes of headline basic and diluted earnings per share	4,413	3,268
	<hr/> <hr/>	<hr/> <hr/>
	Weighted average number of shares '000	Weighted average number of shares '000
Weighted average number of ordinary shares in issue for the purposes of basic earnings per share	37,137	33,011
Effect of dilutive potential ordinary shares:		
- Share options	228	1,957
	<hr/>	<hr/>
Weighted average number of shares for the purposes of diluted earnings per share	37,365	34,968
	<hr/> <hr/>	<hr/> <hr/>
Earnings per share:		
Basic	0.5p	3.4p
Diluted	0.5p	3.2p
Headline Basic	11.9p	9.9p
Headline Diluted	11.8p	9.3p
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## 10. Property, plant and equipment

	Short term leasehold properties £'000	Assets In the Course of Construction £'000	Plant and equipment £'000	Furniture, fixtures and fittings £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>						
1 April 2007	22,462	1,461	2,192	3,756	173	30,044
Additions	15,779	519	2,263	1,025	34	19,620
Reclassification	2,302	(1,431)	16	(887)	-	-
Disposals	(476)	-	(33)	(323)	(10)	(842)
30 March 2008	<u>40,067</u>	<u>549</u>	<u>4,438</u>	<u>3,571</u>	<u>197</u>	<u>48,822</u>
<b>Accumulated depreciation</b>						
1 April 2007	1,019	-	728	303	71	2,121
Charge in the year	1,907	-	701	534	48	3,190
Reclassification	285	-	(10)	(275)	-	-
Impairment	934	-	43	366	-	1,343
Disposals	(72)	-	(17)	(161)	(5)	(255)
30 March 2008	<u>4,073</u>	<u>-</u>	<u>1,445</u>	<u>767</u>	<u>114</u>	<u>6,399</u>
<b>Net book value</b>						
30 March 2008	<u>35,994</u>	<u>549</u>	<u>2,993</u>	<u>2,804</u>	<u>83</u>	<u>42,423</u>
1 April 2007	<u>21,443</u>	<u>1,461</u>	<u>1,464</u>	<u>3,453</u>	<u>102</u>	<u>27,923</u>

## 11. Borrowings

	2008 £'000	2007 £'000
<b>Short term borrowings:</b>		
Bank overdraft	74	1,657
<b>Long term borrowings:</b>		
Bank loans	18,000	8,200
	<u>18,074</u>	<u>9,857</u>

As at 30 March 2008, the Group's committed Sterling borrowing facilities comprises a bank loan facility of £19,000,000 (2007: £19,000,000) expiring between one and two years and a bank overdraft facility of £1,000,000 (2007: £1,000,000) from Barclays Bank PLC which is secured by a mortgage debenture in favour of Barclays Bank PLC representing fixed or floating charges over all assets of the Group. The interest rate applicable on this revolving facility is 1.125% (2007: 1.25%) above three months LIBOR. The Group also has two Sterling overdraft facilities amounting to £175,000 from HSBC Bank PLC which is secured by a guarantee from The Clapham House Group PLC.

## 12. Notes to the consolidated cash flow statement

## Reconciliation of net cash flows from operating activities

	Year ended 30 March 2008 £'000	Year ended 1 April 2007 £'000
Profit before taxation	928	1,450
<i>Adjustments</i>		
Finance costs	985	350
Finance income	(61)	(65)
Depreciation and amortisation	3,252	1,932
Impairments	1,343	-
Loss on disposal of property, plant and equipment	306	31
Share based payments expense	516	639
	<hr/>	<hr/>
Operating cash flows before movements in working capital	7,269	4,337
Increase in inventories	(416)	(279)
Increase in trade and other receivables	(1,160)	(1,069)
Increase in payables	3,531	1,969
	<hr/>	<hr/>
Cash generated from operating activities	9,224	4,958
Income tax paid	(7)	(84)
	<hr/>	<hr/>
Net cash from operating activities	9,217	4,874
	<hr/> <hr/>	<hr/> <hr/>

13 Acquisition of subsidiary

On 5 May 2006, the Company acquired the entire issued share capital of Urban Dining PLC comprising the business and assets of the Tootsies Restaurants operation for a consideration of £25,329,333 paid in cash.

	Fair value	Acquiree's carrying amount
	£'000	£'000
Intangible assets	647	-
Property, plant and equipment	9,376	9,376
Inventories	271	271
Trade and other receivables	1,266	1,266
Bank overdrafts and loans	(3,647)	(3,647)
Trade and other payables	(5,740)	(5,740)
Net assets	<u>2,173</u>	<u>1,526</u>
Goodwill	23,666	
Total consideration including direct costs satisfied by cash	<u>25,839</u>	
Net cash outflow arising on acquisition:		
Cash consideration	25,839	
Bank balances and cash acquired	3,647	
	<u>29,486</u>	

An adjustment has been made as part of the transition to IFRS as described in note 14 to recognise the Tootsies brand as a separately identifiable intangible asset on acquisition to the value of £647,000.

For the year ended 1 April 2007, the acquisition year, 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.

The goodwill is attributable to the synergies that are expected to arise in the post acquisition period and the skilled labour force of the acquired business. The value of the skilled labour force was not recognised as a separate intangible asset on the basis that it could not be separated from the value generated from the business as a whole.

## 14 TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

### BASIS OF PREPARATION OF IFRS FINANCIAL INFORMATION

The Group’s Annual Report for the year ending 30 March 2008 comprises its first annual consolidated financial statements that comply with IFRS. The Group has applied IFRS 1 (First time adoption of International Reporting Standards) in preparing these results.

### IFRS 1 EXEMPTIONS

IFRS 1 sets out the procedures that the Group must follow when adopting IFRS for the first time as the basis for preparing its consolidated financial statements. The Group is required to establish its IFRS accounting policies as at 30 March 2008 and, in general, apply these retrospectively to determine the IFRS opening balance sheet at the date of transition which is 1 April 2006. The standard provides a number of optional exemptions to this general principle. The exemptions applicable to the Group are set out below together with how the Group has applied them:

#### *Business combinations that occurred before the opening IFRS balance sheet date (IFRS3 – Business Combinations)*

Clapham House has elected not to apply IFRS 3 retrospectively to business combinations that took place before the date of transition. As a result, in the opening balance sheet, goodwill arising from the acquisition of Urban Dining PLC is accounted for under IFRS while goodwill arising from the previous acquisitions of The Real Greek Food Company Limited, the four companies making up The Bombay Bicycle Club and Gourmet Burger Kitchen Limited remains as stated under UK GAAP at 31 March 2006.

#### *Fair value or revaluation as deemed cost (IAS 16 – Property, Plant and Equipment)*

The Group has elected not to measure any item of property, plant and equipment at the date of transition to IFRS at its fair value.

## IMPACT OF TRANSITION TO IFRS

The following is a summary of the effects of the differences between IFRS and UK GAAP on the Group's total equity shareholders' funds and profit for the periods previously reported under UK GAAP following the date of transition to IFRS. Further significant differences may arise from accounting standards and pronouncements that the IASB could issue in the future and which the Group may elect to early adopt in its first IFRS Consolidated Financial Statements.

*Total equity shareholders' funds*

	Notes	As at 1 April 2007 £'000	As at 31 March 2006 £'000
<b>Total equity shareholders' funds (UK GAAP)</b>		49,363	21,711
<b>Measurement and recognition differences</b>			
Goodwill	a	(30)	-
Intangible assets	b	-	-
Lease inducements	c	(98)	(50)
Deferred taxation	d	610	194
<b>Total equity shareholders' funds (IFRS)</b>		<u>49,845</u>	<u>21,855</u>

*Profit for the period*

	Notes	Year ended 1 April 2007 £'000	Year ended 31 March 2006 £'000
Profit for the year (UK GAAP)		1,258	268
<b>Measurement and recognition differences</b>			
Goodwill	a	(30)	-
Intangible assets	b	-	-
Lease inducements	c	(48)	(50)
Deferred taxation	d	(61)	194
<b>Profit for the year (IFRS)</b>		<u>1,119</u>	<u>412</u>

## PRINCIPAL DIFFERENCES BETWEEN IFRS AND UK GAAP

### *Measurement and recognition differences:*

a. Goodwill

IAS 38 (Intangible Assets) requires that goodwill is not amortised but be subject to an annual impairment review. As the Group has adopted this accounting policy in previous periods, there is no resultant adjustment to goodwill.

IFRS 3 Business Combinations requires that, when businesses are acquired, any intangible assets acquired with the business are valued separately, capitalised as an intangible asset and amortised over its useful economic life. Any residual difference between the consideration paid or payable and the net fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. IFRS 3 also requires that goodwill is not amortised but is instead subject to an annual impairment review.

An adjustment has been made to recognise the Tootsies brand as a separately identifiable intangible asset on acquisition to the value of £647,000. The brand is amortised over 20 years being its useful economic life and in the year ended 30 March 2008, £32,000 (2007: £30,000) was charged to the income statement.

b. Intangible assets

The Group has reclassified separately identifiable computer software assets from tangible assets to intangible assets as required under IAS 36. For the year ended 30 March 2008, £185,000 was reclassified from property, plant and equipment to intangible assets.

c. Lease inducements

Under UK GAAP, the Group recognised rent-free periods and capital contributions from landlords on new property leases over the period to the commencement of the first rent review. Under IFRS, lease incentives are spread over the full term of the lease. As at the date of the transition, deferred income reflecting the amount of lease inducements to be taken in the income statement in future periods has been recognised.

d. Deferred tax

IAS 12 (Income taxes) requires deferred tax to be provided on all temporary differences rather than just timing differences under UK GAAP.

As a result, taxes in the Group's IFRS opening balance sheet at 1 April 2006 were adjusted by £194,000 made up primarily of changes in recognition on share based payments and a further £355,000 was recognised in the year ended 1 April 2007.

### *Presentation differences:*

e. Trade and other receivables

Under IFRS, long term receivables are shown as non-current assets whereas under UK GAAP, all receivables were shown as current assets. As shown in the reconciliations below, £499,000 (2006: £290,000) were transferred from current trade and other receivables to non-current trade and other receivables.

f. Deferred taxation assets

Under IFRS, deferred taxation assets are shown as non-current assets whereas under UK GAAP, they were shown as current assets. As shown in the reconciliations below, £Nil (2006: £219,000) were transferred from current trade and other receivables to deferred taxation assets.

## RECONCILIATIONS

To explain the impact of the transition, the reconciliations have been included that show the changes made to the balance sheets and income statements previously reported under UK GAAP. The following unaudited reconciliations are included:

The consolidated cash flow statements are not affected by the transition from UK GAAP to IFRS other than presentational and formatting differences.

Reconciliation of the UK GAAP consolidated balance sheet to the IFRS consolidated balance sheet:

1 April 2006

	As at 1 April 2006 UK GAAP £'000	Presentation Differences £'000	Measurement And recognition differences £'000	As at 1 April 2006 IFRS £'000
<b>Non-current assets</b>				
Intangible assets including goodwill	14,089	-	-	14,089
Property, plant and equipment	9,681	-	-	9,681
Trade and other receivables	-	290	-	290
Deferred taxation assets	-	219	194	413
Investments	-	-	-	-
	<u>23,770</u>	<u>509</u>	<u>194</u>	<u>24,473</u>
<b>Current assets</b>				
Inventories	416	-	-	416
Trade and other receivables	1,502	(509)	-	993
Cash and cash equivalents	8,035	-	-	8,035
	<u>9,953</u>	<u>(509)</u>	<u>-</u>	<u>9,444</u>
<b>Total assets</b>	<u>33,723</u>	<u>-</u>	<u>194</u>	<u>33,917</u>
<b>Current liabilities</b>				
Trade and other payables	(10,030)	-	(50)	(10,080)
Current taxation liabilities	(110)	-	-	(110)
Bank overdrafts and loans	(298)	-	-	(298)
	<u>(10,438)</u>	<u>-</u>	<u>(50)</u>	<u>(10,488)</u>
<b>Non-current liabilities</b>				
Bank loans	(425)	-	-	(425)
Deferred taxation liabilities	-	-	-	-
Long-term provisions	(1,149)	-	-	(1,149)
	<u>(1,574)</u>	<u>-</u>	<u>-</u>	<u>(1,574)</u>
<b>Total liabilities</b>	<u>(12,012)</u>	<u>-</u>	<u>(50)</u>	<u>(12,062)</u>
<b>Net assets</b>	<u>21,711</u>	<u>-</u>	<u>144</u>	<u>21,855</u>
<b>Equity</b>				
Share capital	2,029	-	-	2,029
Share premium account	19,769	-	-	19,769
Retained earnings	(87)	-	144	57
<b>Total equity attributable to equity shareholders of the parent</b>	<u>21,711</u>	<u>-</u>	<u>144</u>	<u>21,855</u>

Reconciliation of the UK GAAP consolidated balance sheet to the IFRS consolidated balance sheet:

1 April 2007

	As at 1 April 2007 UK GAAP £'000	Presentation Differences £'000	Measurement And recognition differences £'000	As at 1 April 2007 IFRS £'000
<b>Non-current assets</b>				
Intangible assets including goodwill	38,130	-	(30)	38,100
Property, plant and equipment	27,923	-	-	27,923
Trade and other receivables	-	499	-	499
Deferred taxation assets	-	-	549	549
Investments	-	-	-	-
	<u>66,053</u>	<u>499</u>	<u>519</u>	<u>67,071</u>
<b>Current assets</b>				
Inventories	967	-	-	967
Trade and other receivables	3,627	(499)	-	3,128
Current taxation assets	-	-	-	-
Cash and cash equivalents	334	-	-	334
	<u>4,928</u>	<u>(499)</u>	<u>-</u>	<u>4,429</u>
<b>Total assets</b>	<u>70,981</u>	<u>-</u>	<u>519</u>	<u>71,500</u>
<b>Current liabilities</b>				
Trade and other payables	(11,674)	-	(98)	(11,772)
Current taxation liabilities	(26)	-	-	(26)
Bank overdrafts and loans	(1,657)	-	-	(1,657)
	<u>(13,357)</u>	<u>-</u>	<u>(98)</u>	<u>(13,455)</u>
<b>Non-current liabilities</b>				
Bank loans	(8,200)	-	-	(8,200)
Deferred taxation liabilities	(61)	-	61	-
	<u>(8,261)</u>	<u>-</u>	<u>61</u>	<u>(8,200)</u>
<b>Total liabilities</b>	<u>(21,618)</u>	<u>-</u>	<u>(37)</u>	<u>(21,655)</u>
<b>Net assets</b>	<u>49,363</u>	<u>-</u>	<u>482</u>	<u>49,845</u>
<b>Equity</b>				
Share capital	3,492	-	-	3,492
Share premium account	44,061	-	-	44,061
Retained earnings	1,810	-	482	2,292
<b>Total equity attributable to equity shareholders of the parent</b>	<u>49,363</u>	<u>-</u>	<u>482</u>	<u>49,845</u>

Reconciliation of the UK GAAP consolidated income statement to the IFRS consolidated income statement:

Year ended 1 April 2007

	Year ended 1 April 2007 UK GAAP £'000	Measurement And recognition differences £'000	Year ended 1 April 2007 IFRS £'000
<b>Continuing operations</b>			
<b>Revenue</b>	45,951	-	45,951
Cost of sales	(28,941)	-	(28,941)
<b>Gross profit</b>	<u>17,010</u>	<u>-</u>	<u>17,010</u>
Administrative expenses	(12,987)	(78)	(13,065)
<b>Headline operating profit</b>	<u>4,023</u>	<u>-</u>	<u>3,945</u>
Share based payments	(639)	-	(639)
Pre-opening costs	(811)	-	(811)
<b>Operating profit</b>	<u>2,573</u>	<u>(78)</u>	<u>2,495</u>
Restructuring costs	(760)	-	(760)
Investment revenues	65	-	65
Finance costs	(350)	-	(350)
<b>Profit before taxation</b>	<u>1,528</u>	<u>(78)</u>	<u>1,450</u>
Taxation	(270)	(61)	(331)
<b>Profit for the period</b>	<u>1,258</u>	<u>(139)</u>	<u>1,119</u>
Earnings per share (total and from continuing operations)			
Basic	3.8p		3.4p
Diluted	3.6p		3.2p