

The Clapham House Group PLC

Report and Financial Statements 2009



THE CLAPHAM HOUSE GROUP PLC

REPORT AND FINANCIAL STATEMENTS

Year ended 29 March 2009

Background

The Clapham House Group PLC ("the Company" or "Clapham House") was admitted to 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 90 Clapham House restaurant locations across three brands, 79 of which are within the UK and 11 restaurants operating internationally.

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

Gourmet Burger Kitchen ("GBK") offers a range of nutritious, delicious and sophisticated burgers (Winner of Retailers' Retailer Best Concept, Harden's London Restaurants: "Best Burger", Time Out: "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 31 burgers including Beef, Chicken and Lamb, as well as five Vegetarian burgers, Smaller Beef and Junior Chicken burgers and delicious flavour combinations such as the Pesterella Burger (Beef, Mozzarella and Pesto). GBK has formed a partnership with the world famous biodynamic and organic farm Laverstoke Park which supplies GBK with a range of exclusive organic burgers including Buffalo, Wild Boar and Lamb. Seasonal specialities include Christmas burgers and lighter summer options including a range of GBK salads. GBK operates 49 restaurants within the UK and 11 internationally under franchise.

The Real Greek (www.therealgreek.com)

The Real Greek ("TRG") offers highly acclaimed traditional healthy Greek cooking (Time Out: "faultless Souvlaki...perfectly char-grilled", Harden's: "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 concept derives its style from Greek "Street Food", where eating mezes and char-grilled souvlakis is part of everyday life. The Real Greek is also the first restaurant group to include calorie content information across its menu. The Real Greek currently operates from 7 locations, including a landmark restaurant on London's South Bank.

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 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. (2008 Winner of the Menu-Masters award for the best casual theme dining menu in the UK, Zagat: "the staff are cheerful and friendly even when your children aren't", Harden's: "a great family destination"). Tootsies operates 22 restaurants within the UK and 1 Dexter's restaurant under franchise also in the UK.

Highlights:

- Revenue up 16.7% for the year to £62.2m (2008: £53.3m) driven by continued organic growth
- Headline EBITDA* for the year to £8.7m (2008 restated: £8.7m)
- Gourmet Burger Kitchen headline EBITDA* for the year of £7.9m (2008: £7.1m)
- Headline profit before taxation** for the year of £4.1m (2008 restated: £5.0m)
- Headline diluted EPS** for the year of 8.9p (2008 restated : 10.2p)
- Impairment of goodwill and intangible assets relating to Tootsies of £24.2m
- Net debt as at 29 March 2009 of £13.6m (2008: £16.0m)

All numbers above are shown for continuing operations only.

Operational highlights:

- Continued successful expansion and growth in EBITDA of the GBK business
- Six new GBK restaurants opened in the UK and six new restaurants opened internationally in FY09
- Successful openings of two new TRG restaurants
- Fully minimum wage compliant

* 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, impairment of goodwill and intangible assets, onerous lease costs, restructuring costs, share based payments, deferred taxation on share based payments and pre-opening costs.

Chairman's Statement

Results

In the year ended 29 March 2009, the Group's revenue from continuing operations increased 16.7% from £53.3m (restated) to £62.2m. This is a result of the continuing organic growth of our restaurant brands, in particular GBK. The Group's headline EBITDA for the year was broadly unchanged at £8.7m (2008 restated: £8.7m). The comparative results for the year ended 30 March 2008 have been restated to show the impact of discontinued operations following the sale of The Bombay Bicycle Club during the year.

Headline profit before taxation for the year was £4.1m (2008 restated: £5.0m). Pre-opening costs during the year were reduced to £0.6m (2008 restated: £1.1m) as a result of fewer openings. After accounting for pre-opening costs, headline profit before taxation after pre-opening costs was £3.6m (2008 restated: £3.9m). Share based payments amounted to £0.6m (2008 restated: £0.5m).

The Group incurred non-trading charges, all of which were non-cash, consisting of £24.2m impairment of the carrying value of the goodwill and intangible assets relating to the acquisition of the Tootsies business (Urban Dining Limited), £4.2m impairment of property, plant and equipment and £0.7m relating to onerous lease costs.

Headline diluted earnings per share before the non-trading charges set out above, share based payments, deferred taxation arising on share based payments and pre-opening costs were 8.9p (2008 restated: 10.2p). Statutory diluted loss per share for the year was 71.9p (2008 restated: loss per share 4.6p).

Openings

We opened eight new restaurant locations in the UK during the year, six GBKs and two TRGs. Our international GBK franchisees also opened six new restaurants. This activity took the total number of Clapham House restaurants to 90 at 29 March 2009 (2008 restated: 79).

We have commenced building a 90 cover GBK restaurant in London's sought after Clink Street and also have one further GBK restaurant location signed and planned for construction later in this financial year.

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 significant further realignment in property costs and competition. Our expansion strategy in the immediate future is to consider only prime locations which we can occupy on advantageous lease terms.

Gourmet Burger Kitchen

Our latest openings, including Liverpool, Bristol, London Spitalfields Market and Westfield London, have all performed well since opening. We remain convinced of the strong and profitable expansion potential for GBK in the UK.

Internationally, we now have 11 restaurants in operation under franchise and we plan to expand GBK's business overseas further during this current financial year. No capital from Clapham House is employed in our international business.

Development Brands

The Real Greek

Two new TRG restaurants were launched at Spitalfields and Westfield. All of The Real Greek restaurants are in central London, mainly in high footfall and tourist orientated locations. The Real Greek menu has recently seen the introduction of a number of new healthy dishes and now incorporates nutritional information across the menu.

Tootsies

A number of initiatives were launched within the Tootsies business during the year including a new menu, an improved food offer, a broader range of classic dishes, a new kids menu in partnership with child nutritionist Annabel Karmel, the introduction of a fixed price menu to drive footfall and localised marketing initiatives. Of all our brands, Tootsies has found recent market conditions the most challenging and therefore we have impaired the carrying value of goodwill and intangible assets relating to this business.

Minimum wage and service charge

We have always paid at least minimum wage to restaurant staff in all of our businesses and are therefore unaffected by the imminent change in regulation in this area.

Furthermore, in order to make our tips practices completely transparent we have phased out the discretionary service charge at Tootsies and TRG.

Costs

Whilst some of the inflationary pressures on food and utility costs appear to be abating, we continue to monitor all supply chain arrangements closely to ensure cost efficiency is maximised.

The introduction of a new management system last year to all our restaurants ensures that labour costs are closely controlled.

Menu pricing and promotional activity

Following the reduction in the VAT rate in December 2008, we introduced new menus across our restaurants passing the benefit of the reduced rate onto our customers. Our current view is that it is unlikely, given the recessionary environment, that we will increase menu prices fully when VAT rates increase again in January 2010.

Our strategy is to continue to offer value promotions to our customers across our formats, although in doing so we are looking to build our loyalty schemes which will enable us to deliver focussed promotions. Across the Group we currently have over 160,000 customers signed up to our web based customer loyalty schemes.

In response to weaker consumer demand, there has been a significant escalation in promotional activity across the UK restaurant sector over the past year, led primarily by the largest operators. This appears to be intensifying and, if it continues, will inevitably impact on margins in the current financial year.

Funding

During the year, we generated a net cash inflow from operating activities of £7.4m (2008 restated: £9.2m) and invested £8.2m (2008: £19.9m) in capital expenditure on new sites and infrastructure.

Net debt at 29 March 2009 was £13.6m (2008: £16.0m). The Company's banking facilities are £21.7 million with the core facility extended in December 2008 to mature in June 2012. Where appropriate we have continued to manage interest rate exposure by fixing rates applicable to a portion of the loan to maturity.

Dividends

No final dividend is being proposed by the Board. It remains 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.

Chairman's Statement (continued)

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 our business we believe that this more cautious approach is prudent in the current economic climate.

Consumer confidence in the UK remains fragile and the trading outlook remains as uncertain as at any time in recent memory. In addition, discounting activity is putting margins under pressure.

Despite the above our sales in the first quarter across the Group are 6% higher than in the same period last year. We remain positive about the mid-term market prospects for the UK eating out market and in particular the future expansion of GBK across the UK.

David Page
Chairman

13 July 2009

Board of Directors

The Directors of The Clapham House Group PLC are:

David Page

Chairman

David Page, Chairman and co-founder of Clapham House, was formerly both Chief Executive and Chairman of PizzaExpress PLC, having been involved with that company for over 25 years. He was a major shareholder and the managing director of the largest PizzaExpress franchise group prior to its merger with the company-owned restaurants in February 1993. He was Managing Director on the flotation of the business, became Chairman in December 1997 and moved to the position of Chief Executive in February 2002. He was particularly involved in site selection and the strategic development of the company. He is also non-executive chairman of Clerkenwell Ventures PLC and a non-executive director of Singer and Friedlander AIM 3 VCT PLC and Young & Co.'s Brewery PLC.

Paul Campbell ACA

Chief Executive

Paul Campbell has been involved in building a number of UK leisure companies. He is a former Group Finance Director of FTSE 250 listed restaurant company, PizzaExpress PLC and in the 1990s he established and ran Relaxion Group PLC, a leisure management company which operated more than 100 leisure, sports, and health and fitness centres throughout the UK. Paul is a Price Waterhouse qualified chartered accountant and former Managing Director of Corporate Finance at The Capita Group PLC. He is also a director of AIM quoted Clerkenwell Ventures PLC.

Nicholas Wong ACA

Group Finance Director and Company Secretary

Nicholas Wong qualified as a chartered accountant with Baker Tilly. He has spent the majority of his career, prior to joining the Group, specialising in corporate finance, working on a number of due diligence, flotation and acquisition assignments, including the Company's acquisition of The Real Greek Food Company Limited. He joined the Company in May 2004 to head up group finance and IT and was appointed Group Finance Director in September 2005.

David Sykes

Managing Director - GBK

David Sykes has worked in the restaurant sector for over 24 years. He was the former Property Director and Operations Director of PizzaExpress PLC and joined Clapham House in July 2005 as Managing Director of Gourmet Burger Kitchen. He was appointed a Director of Clapham House in May 2007.

Nicholas Donaldson

Non-executive Director

A barrister by profession, Nick was a founder of The Clapham House Group PLC and is a partner and co-founder of The Capital Markets Group Limited. Nick was, until 2003, head of corporate finance at Arbuthnot Securities Limited and previously held senior investment banking positions at Robert W Baird Limited and at Credit Lyonnais Securities. He is a non-executive director of Games Workshop Group PLC and chairman of F4G Software PLC.

Timothy Woodcock ACA

Non-executive Director

Tim qualified as a Chartered Accountant with Coopers & Lybrand. He also spent 2 years with venture capitalists 3i PLC. He has worked with the Sun Capital team since 1998 and during that time he was involved with Punch Taverns where he was responsible for the disposal of the European pubs and also a non-executive director of First Quench Ltd, the Threshers and Victoria Wine off-licence chain. Tim is also a director of Capital Management and Investment PLC.

Directors' Report

The Directors have pleasure in presenting their report on the affairs of the Company and Group together with the audited financial statements for the year ended 29 March 2009.

Principal activity

The principal activity of the Group is the operation and management of restaurants.

Objective

The Group's objective is to achieve attractive and sustainable rates of growth and returns through investment in "best of class", popular branded restaurant formats which use high quality fresh ingredients, achieve high customer satisfaction ratings and excellent and consistent professional reviews.

Review of the business and future developments

Information about the progress of the business and the Group's corporate activities is given in the Chairman's Statement on pages 4 to 6.

Results and dividends

The results for the year ended 29 March 2009 are set out in the consolidated income statement on page 20.

Group turnover in the year increased by 16.7% to £62,160,000 (2008 restated: £53,258,000). The Group reported a full year loss after taxation amounting to £26,840,000 (2008: loss £1,713,000) after recognising impairment charges of £28,452,000 (2008 restated: £1,343,000).

No final dividend is being proposed by the Board. It remains 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.

Principal risks

The Directors consider the following to be the principal risks faced by the Group:

Economic Conditions

The Group's performance depends on the economic conditions and consumer confidence in the UK.

Employees

The Group's performance depends largely on its brand management team and its local managers and staff. The inability to recruit people with the right experience and skills could adversely affect the Group's results. To mitigate these issues the Group has implemented a number of schemes designed to retain key individuals.

Development programme

The Group's development programme is dependent on securing the requisite number of new properties. The prime, high footfall restaurant property market is competitive. To mitigate these issues, the Group has an experienced property team concentrating on securing new sites for the Group.

Supply chain

The Group focuses on the freshness and quality of the produce used in its restaurants. It is exposed to potential supply chain disruptions due to the delay or losses of inventory in transit. The Group mitigates this risk through effective supplier selection and appropriate back-up supply chains.

Risks are formally reviewed by the board and appropriate processes put in place to monitor and mitigate them.

Financial risk management

The Board regularly reviews the financial requirements of the Group and the risks associated therewith. The Group does not use complicated financial instruments, and where financial instruments are used it is for reducing interest rate risk.

The Group does not trade in financial instruments. Group operations are primarily financed from equity funds raised, retained earnings and bank borrowings (including overdraft facilities). In addition to the financial instruments described above, the Group also has other financial instruments such as receivables, trade payables and accruals that arise directly from the Group's operations. Further information is provided in note 19 to the financial statements.

Key performance indicators

The Board receives a range of management information delivered in a timely fashion. The principal measures of progress that are reviewed on a regular basis to monitor the development of the Group are shown in the Highlights section on page 3.

Directors

The following Directors have held office since 30 March 2008:

DM Page

PA Campbell*

NCW Wong*

SL Willingham (resigned 31 March 2008)

D Sykes

NJ Donaldson

T Woodcock

The Directors at the date of this report, together with their biographical details, are set out on page 7.

* retires by rotation at this year's annual general meeting and offers himself for re-election.

Directors' interests in shares

Directors' interests in the shares of the Company, including family interests, were as follows:

Director	As at 29 March 2009		As at 30 March 2008	
	Ordinary shares of 10p each	%	Ordinary shares of 10p each	%
DM Page	1,117,358	3.0%	1,117,358	3.0%
PA Campbell	256,853	0.7%	256,853	0.7%
NCW Wong	18,800	0.1%	18,800	0.1%
D Sykes	21,000	0.1%	21,000	0.1%
NJ Donaldson	127,147	0.3%	127,147	0.3%
T Woodcock	15,916	0.1%	15,916	0.1%

Details of the Directors' interests in share options during the year are disclosed in the Report on Directors' Remuneration on pages 15 to 17.

Directors' liability insurance and indemnity

The Company has arranged insurance cover in respect of legal action against its Directors. To the extent permitted by UK law, the Company also indemnifies the Directors.

Directors' Report (continued)

Substantial shareholders

The Directors' interests in the shares of the Company have been disclosed above. On 10 July 2009, the Company had been notified, in accordance with sections 198 to 208 of the Companies Act 1985, of the following interests in the ordinary share capital of the Company:

	As at 10 July 2009	
	Ordinary shares of 10p each	%
Capricorn Ventures International Limited	9,302,280	24.93%
Schroder Investment Management Limited	3,606,469	9.66%
Wellington Management Company, LLP	2,214,243	5.93%
Henderson Global Investors Limited	1,898,000	5.09%
Deutsche Bank	1,877,850	5.03%
Kaupthing Bank Luxembourg S.A.	1,866,500	5.00%
AXA S.A.	1,781,666	4.77%
Fidelity International Limited	1,776,050	4.75%
Wolvercote Investments Limited	1,550,000	4.15%
British Airways Pensions Trustees Limited	1,263,400	3.39%
Newton Investment Management Limited	1,236,498	3.31%
DM Page	1,119,158	3.00%

No other person has reported an interest of more than 3% in the ordinary shares.

Employment policy

The Group's policies respect the individual regardless of gender, age, race or religion. Where reasonable and practical under the existing legislation, all persons, including disabled persons, have been treated fairly and consistently, including matters relating to employment, training and career development.

The Group takes a positive view of employee communication and has established systems for employee consultation and communication of developments. The Group operates employee share schemes and a number of profit-related pay schemes as a means of further encouraging the involvement of employees in the Group's performance.

Environmental policy

The Group acknowledges the importance of environmental matters within its role in the community. The Board reviews on an ongoing basis the development of initiatives to reduce the impact on the environment from the operations of the Group and is working with several key suppliers and external consultants to ensure environmental concerns are considered in conjunction with economic factors. In particular, the Group looks to reduce noise effects from plant at new restaurants, to reduce the production of waste in its operations and to maximise efficiency of water consumption and the use of non-renewable fuels.

Political and charitable contributions

During the year the Group made no political contributions (2008: £nil). The Group made charitable donations of £10,000 (2008: £2,500). Charitable events are also organised by restaurants for organisations in their locality.

Supplier payment policy

The Group's policy is that payments to suppliers are made in accordance with those terms and conditions agreed between the Group and its suppliers, provided that all trading terms and conditions have been complied with. The Group does not follow a standard code for dealing specifically with the payments of suppliers. At 29 March 2009, the Group had an average of 34 days (2008: 35 days) purchases outstanding in trade payables.

Annual general meeting

On pages 67 to 71 is a notice convening the annual general meeting of the Company for 29 September 2009 and the notice sets out the resolutions to be voted at that meeting. The Board believes that the proposed resolutions to be put to the annual general meeting to be held on 29 September 2009 are in the best interests of shareholders and, accordingly, recommends that shareholders vote in favour of the resolutions.

Statement as to disclosure of information to auditors

The Directors who were in office on the date of approval of these financial statements have confirmed that as far as they are aware, there is no relevant audit information of which the auditors are unaware. The Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Going concern

After making reasonable enquiries, the Board consider that the Company and Group have adequate resources and facilities to continue in operational existence for the foreseeable future and therefore the financial statements are prepared on a going concern basis.

Auditors

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

By order of the Board

Nicholas Wong ACA

Company Secretary

13 July 2009

Statement on Corporate Governance

The Board of The Clapham House Group PLC appreciates the value of good corporate governance not only in the areas of accountability and risk management but also as a positive contribution to business prosperity.

Set out below is a summary of how, at 29 March 2009, the Group was dealing with corporate governance issues.

Board Structure

The Board of Directors set up to control the Company consists of four executive Directors and two non-executive Directors. The non-executive Directors are independent of the Company. David Page is Chairman of the Board. The Directors' biographies appear on page 7.

The full Board meets at least ten times per year to discuss the Company's and the Group's performance and strategic issues. Each Board member receives the latest financial information available on the Company and the Group consisting of management accounts and relevant comparisons to budget and previous year accounts. A description of current trading is given by the executive Directors.

Each member of the Board is subject to the re-election provisions of the Articles of Association, which requires each of them to offer himself for re-election at least once every three years.

The executive Directors meet on a regular basis and deal with decisions that do not require full Board approval.

Audit Committee

The Audit Committee consists of the two non-executive Directors and meets at least twice a year. It is responsible for ensuring that the financial activities of the Group are properly monitored, controlled and reported on. It meets with the external auditor and reviews reports from the auditors. The Audit Committee recommends the appointment of the external auditor, reviews the audit plan and fee.

During the year, the Audit Committee comprised the following members:

T Woodcock (Chairman)

NJ Donaldson

The Group Finance Director, NCW Wong, attends the Audit Committee meetings by invitation.

Remuneration Committee

The Remuneration Committee consists of two non-executive Directors and an executive Director. It reviews the performance of the executive Directors and sets the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of the shareholders. In determining the remuneration of the executive Directors the committee seeks to ensure that the Company is able to attract and retain executives of the highest calibre. The Remuneration Committee also makes recommendations to the Board concerning the remuneration of key members of senior management and the allocation of incentive schemes. No Director participates in discussions concerning his or her own remuneration.

During the year, the Remuneration Committee comprised the following members:

NJ Donaldson (Chairman)

T Woodcock

PA Campbell

Further details are found in the Report on Directors' Remuneration on pages 15 to 17.

Shareholder Relations

The Directors meet and discuss the performance of the Company with shareholders during the year. Queries raised by shareholders are promptly answered by whomsoever on the Board is best placed to do so.

Investors are encouraged to participate in the Annual General Meeting at which the Chairman will present a review of the results and comments on current business activity. The Board is available at the Annual General Meeting to answer shareholder questions.

The next Annual General Meeting will be held on 29 September 2009. The notice of the Annual General Meeting may be found on pages 67 and 71.

Internal Control

The Board is responsible for ensuring that the Group has in place a system of internal controls and for reviewing the effectiveness of that system. In this context, control is defined as those policies and processes established to ensure that business objectives are achieved cost effectively, assets and shareholder value are safeguarded, and laws, regulations and policies are complied with. Such controls can provide reasonable but not absolute assurance that risks are identified and adequately managed to achieve business objectives and to minimise material errors, losses and fraud or breaches of laws and regulations.

The Group operates a sound system of internal financial control and risk management, which is designed to ensure that the possibility of misstatement or loss is kept to a minimum. The Board receives a number of reports to enable it to carry out these functions in the most efficient manner. These procedures include the preparation of management accounts, forecast variance analysis and other ad hoc reports. There are clearly defined authority limits throughout the Company and its subsidiaries including those matters which are reserved specifically for the Board. The Board has responsibility for the system of internal financial control.

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness whilst the role of management is to implement Board policies on risk and control. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives.

Given the Group's size and the nature of its business, the Board does not consider it would be appropriate to have its own internal audit function. An internal audit function will be established as and when the Group is of an appropriate size; meanwhile the audit of internal financial controls form part of the responsibilities of the Group's finance function.

Statement of Directors' Responsibilities in the Preparation of Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

UK company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law the Directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Group; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The Company financial statements are required by law to give a true and fair view of the state of affairs of the Company.

In preparing each of the Group and Company financial statements, the Directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. for the Group financial statements, state whether they have been prepared in accordance with IFRS adopted by the EU; and for the Company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Company financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

Statement on Corporate Governance (continued)

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independence of the Auditor

The Board undertakes a formal assessment of the auditor's independence each year which will include:

- a review of non-audit services provided to the Group and related fees;
discussion with the auditor of a written report detailing all relationships with the Company and any other parties which could affect independence or the perception of independence;
- a review of the auditor's own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
- obtaining written confirmation from the auditor that, in their professional judgment, they are independent.

An analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in note 3 to the financial statements.

Going Concern

The Directors confirm that they are satisfied that the Company and Group have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

On behalf of the Board

David Page
Chairman

13 July 2009

Report on Directors' Remuneration

Introduction

The Board of The Clapham House Group PLC has resolved that the Company, whilst trading on the Alternative Investment Market, should apply good governance to Directors' remuneration.

Remuneration Committee

The Remuneration Committee is authorised by the Board to determine the Company's remuneration policy on executive Directors' service contracts and remuneration including share based incentive awards. The Remuneration Committee is chaired by NJ Donaldson, the senior non-executive Director. T Woodcock and PA Campbell also served on the committee during the year.

Remuneration Policy

The Company's executive remuneration packages are designed to attract, motivate and retain personnel of the high calibre needed to create value for shareholders. There are three components to the executive Directors' remuneration, being basic salary and benefits, annual bonus scheme and share based incentive schemes. The performance measurement of the executive Directors and key members of senior management and the determination of their annual remuneration packages is undertaken by the Remuneration Committee. The remuneration of the non-executive Directors is determined by the Board, within the limits set out in the Articles of Association.

Directors' Service Agreements

DM Page was appointed as a Director in October 2003. Under a service agreement entered into at that time, he was appointed Executive Chairman. His annual salary was reviewed and remains at £168,000 with effect from 1 April 2009. The agreement is terminable on 12 months' notice to be given by either party.

PA Campbell was appointed as a Director in October 2003. Under a service agreement entered into at that time, he was appointed Chief Executive. His annual salary was reviewed and remains at £187,000 with effect from 1 April 2009. This agreement is terminable on 12 months' notice to be given by either party.

NCW Wong was appointed as Group Finance Director in September 2005. He entered into a service agreement with the Company with effect from May 2004. His annual salary was reviewed and remains at £100,800 with effect from 1 April 2009. This agreement is terminable on 3 months' notice to be given by either party.

D Sykes was appointed as a Director in May 2007. His service contract is governed by his service agreement with Gourmet Burger Kitchen Limited, a subsidiary of the Company. His annual salary was reviewed and remains at £132,000 with effect from 1 April 2009. This agreement is terminable on 12 months' notice to be given by either party.

NJ Donaldson was appointed as a non-executive Director in October 2003. The service agreement entered into at the time of appointment is terminable on 3 months' notice to be given by either party.

T Woodcock was appointed non-executive Director in September 2005. The service agreement entered into at the time of appointment is terminable on 3 months' notice to be given by either party.

Incentive Arrangements

The Directors and employees of the Company also participate in incentive arrangements to reward individuals if shareholder value is created based on earnings targets and share price targets.

Under these arrangements certain Directors and employees are entitled to performance related bonuses and participation in share based incentive schemes. The details of the five share based incentive schemes are given in note 23 on pages 49 to 53.

Report on Directors' Remuneration (continued)

Directors' Remuneration

	Salary or fees		Bonus		Benefits		Total 2008 £'000	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000		
<i>Executive Directors</i>								
DM Page	168	160	-	-	2	2	170	162
PA Campbell	187	170	-	-	1	2	188	172
NCW Wong	101	84	50	-	-	-	151	84
D Sykes	132	108	84	-	1	-	217	108
SL Willingham*	-	120	-	-	-	-	-	120
<i>Non-executive Directors</i>								
NJ Donaldson	27	26	-	-	-	-	27	26
T Woodcock	25	24	-	-	-	-	25	24
	640	692	134	-	4	4	778	696

*During the year ended 30 March 2008, SL Willingham, a former director of the Company, received £120,000 as compensation for loss of office.

The bonuses for the year ended 29 March 2009 included £100,000 which were unpaid at the year end and were approved in June 2009 as discretionary bonuses relating to the year ended 29 March 2009. Therefore these were not accrued as at 29 March 2009 in line with IFRS accounting policy.

Directors' interests in Company share based incentive schemes

The interests of the Directors under the Company's share based incentive schemes as at 29 March 2009 were as follows:

	Options outstanding 30 March 2008	Options granted/ (exercised) during year	Options outstanding 29 March 2009	Exercise Price £	Exercisable Date	Expiry Date
<i>EMI</i>						
DM Page	100,000	-	100,000	1.000	7/11/2006	7/11/2013
PA Campbell	100,000	-	100,000	1.000	7/11/2006	7/11/2013
NCW Wong	60,000	-	60,000	1.445	8/06/2007	8/06/2014
D Sykes	71,174	-	71,174	1.405	30/06/2008	30/06/2015
NJ Donaldson	-	-	-	-	-	-
T Woodcock	-	-	-	-	-	-
<i>Unapproved</i>						
DM Page	294,000	-	294,000	1.445	8/06/2007	8/06/2014
	700,000	-	700,000	1.880	31/03/2009	31/03/2016
PA Campbell	119,000	-	119,000	1.445	8/06/2007	8/06/2014
	700,000	-	700,000	1.880	31/03/2009	31/03/2016
NCW Wong	20,000	-	20,000	1.365	24/09/2007	24/09/2014
	40,000	-	40,000	1.375	20/09/2008	20/09/2015
	150,000	-	150,000	1.880	31/03/2009	31/03/2016
	20,000	-	20,000	2.135	29/09/2009	29/09/2016
	25,000	-	25,000	3.000	30/03/2010	30/03/2017

Unapproved (continued)

	Options outstanding 30 March 2008	Options granted/ (exercised) during year	Options outstanding 29 March 2009	Exercise Price £	Exercisable Date	Expiry Date
D Sykes	71,174	-	71,174	1.405	30/06/2008	30/06/2015
	140,000	-	140,000	1.880	31/03/2009	31/03/2016
	15,000	-	15,000	2.135	29/09/2009	29/09/2016
	25,000	-	25,000	3.000	30/03/2010	30/03/2017
NJ Donaldson	21,645	-	21,645	1.155	23/01/2007	23/01/2014
	8,500	-	8,500	1.445	8/06/2007	8/06/2014
	20,000	-	20,000	1.880	31/03/2009	31/03/2016
T Woodcock	220,000	-	220,000	2.100	06/06/2009	06/06/2016

None of the Directors had any interests in the Company Share Option Plan ("CSOP") or Restricted Shares Plan.

All share options above have been issued at the market price of the ordinary shares at the date of grant. During the year ended 29 March 2009, the market price of ordinary shares in the Company ranged from £0.52 to £1.80 (2008: £1.50 to £4.15). The share price as at 29 March 2009 was £0.66 (2008: £1.73).

The interests of the Directors under the Company's 2007 Long Term Incentive Plan ("LTIP") as at 29 March 2009 were as follows:

	LTIP units outstanding 30 March 2008	Options granted/ (forfeited) during year	LTIP units outstanding 29 March 2009	Exercise Price £	Exercisable Date	Expiry Date
<i>Approved</i>						
DM Page	-	259,890	259,890	0.10	9/2011	9/2018
PA Campbell	-	289,282	289,282	0.10	9/2011	9/2018
NCW Wong	66,674	-	66,674	0.10	12/2010	12/2017
		155,934	155,934	0.10	9/2011	9/2018
D Sykes	66,674	-	66,674	0.10	12/2010	12/2017
	-	204,199	204,199	0.10	9/2011	9/2018
NJ Donaldson	-	-	-	-	-	-
T Woodcock	-	-	-	-	-	-

The conditions subject to which allocations of units vest under this plan are described in note 23 on pages 49 to 53.

Details of the Directors' shareholdings are given in the Directors' Report on page 9.

Approval

This report was approved by the Board of Directors on 13 July 2009 and signed on its behalf by:

NJ Donaldson

Chairman of the Remuneration Committee

13 July 2009

Independent Auditor's Report

to the Members of The Clapham House Group PLC

We have audited the Group and parent Company financial statements on pages 20 to 65.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report, and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union ("EU"), and for preparing the parent Company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information cross referenced in the Review of Business section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, Chairman's Statement, Statement on Corporate Governance and the Report on Directors' Remuneration. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 29 March 2009 and of its loss for the year then ended;
- the parent Company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 29 March 2009;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Baker Tilly UK Audit LLP

Registered Auditor

Chartered Accountants

2 Bloomsbury Street

London WC1B 3ST

13 July 2009

Consolidated Income Statement

for the year ended 29 March 2009

	Notes	Year ended 29 March 2009 £'000	Year ended 30 March 2008 Restated £'000
Revenue from continuing operations	1	62,160	53,258
Cost of sales		(36,031)	(30,822)
Gross profit		26,129	22,436
Administrative expenses		(21,090)	(16,713)
Headline operating profit		5,039	5,723
Share based payments		(600)	(489)
Pre-opening costs	2	(562)	(1,064)
Operating profit	3	3,877	4,170
Impairment of property, plant and equipment	12	(4,234)	(1,343)
Impairment of goodwill and intangible assets	12	(24,218)	-
Onerous lease costs		(686)	-
Restructuring costs	4	(13)	(808)
Finance income	5	141	59
Finance costs	6	(1,041)	(735)
(Loss)/Profit before taxation		(26,174)	1,343
Income tax expense	8	(667)	(610)
(Loss)/profit from continuing operations		(26,841)	733
Profit/(loss) from discontinued operations	28	1	(2,446)
Loss for the year attributable to equity shareholders of the parent		(26,840)	(1,713)
(Loss)/earnings per share – continuing operations			
Basic	9	(71.9p)	2.0p
Diluted	9	(71.9p)	2.0p
Loss per share – continuing and discontinued operations			
Basic	9	(71.9p)	(4.6p)
Diluted	9	(71.9p)	(4.6p)

Consolidated Balance Sheet

29 March 2009

	Notes	2009 £'000	2008 £'000
Non-current assets			
Goodwill and intangible assets	10	11,078	36,489
Property, plant and equipment	11	39,331	42,423
Trade and other receivables	16	505	577
Investments	13	63	63
		50,977	79,552
Current assets			
Inventories	15	1,347	1,383
Trade and other receivables	16	5,191	4,210
Current taxation recoverable		-	6
Cash and cash equivalents	17	949	2,115
		7,487	7,714
Total assets		58,464	87,266
Current liabilities			
Trade and other payables	18	(14,170)	(14,552)
Current taxation liabilities		(622)	-
Borrowings	19	(541)	(74)
Provisions	21	(152)	-
		(15,485)	(14,626)
Net current liabilities		(7,998)	(6,912)
Non-current liabilities			
Borrowings	19	(14,000)	(18,000)
Deferred taxation liabilities	20	(335)	(289)
Provisions	21	(534)	-
		(14,869)	(18,289)
Total liabilities		(30,354)	(32,915)
Net assets		28,110	54,351
Equity			
Called up share capital	22	3,732	3,732
Share premium		49,596	49,596
Retained earnings		(25,218)	1,023
Total equity attributable to equity shareholders of the parent		28,110	54,351

The financial statements on pages 20 to 65 were approved by the board of Directors and authorised for issue on 13 July 2009 and are signed on its behalf by:

David Page
Chairman

Consolidated Statement of Change in Equity

for the year ended 29 March 2009

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total equity £'000
Attributable to equity holders of the parent				
At 1 April 2007	3,492	44,061	2,292	49,845
Loss for the year	-	-	(1,713)	(1,713)
Deferred taxation on share options	-	-	(609)	(609)
Current taxation on share options	-	-	537	537
Total recognised income and expense	-	-	(1,785)	(1,785)
Ordinary shares issued (net of expenses)	240	5,535	-	5,775
Share based payments	-	-	516	516
Total change in equity	240	5,535	(1,269)	4,506
At 30 March 2008	3,732	49,596	1,023	54,351
Loss for the year	-	-	(26,840)	(26,840)
Deferred taxation on share options	-	-	(1)	(1)
Total recognised income and expense	-	-	(26,841)	(26,841)
Share based payments	-	-	600	600
Total change in equity	-	-	(26,241)	(26,241)
At 29 March 2009	3,732	49,596	(25,218)	28,110

Consolidated Cash Flow Statement

for the year ended 30 March 2008

	Notes	Year ended 29 March 2009 £'000	Year ended 30 March 2008 Restated £'000
Net cash flow from operating activities	24	7,409	9,217
Investing activities			
Acquisition of property, plant and equipment and intangible assets – continuing operations		(8,145)	(18,841)
Acquisition of property, plant and equipment and intangible assets – discontinued operations		(87)	(1,038)
Proceeds on disposal of property, plant and equipment		495	290
Purchase of investments		-	(63)
Disposal/(acquisition) of subsidiary	28	3,595	(852)
Interest received		141	61
Net cash flow used in investing activities		(4,001)	(20,443)
Financing activities			
Proceeds from issuance of new ordinary shares (net of expenses)		-	5,775
Repayment of borrowings		(4,000)	-
Proceeds of new borrowings		-	9,800
Interest paid		(1,041)	(985)
Net cash flow (used in)/from financing activities		(5,041)	14,590
Net (decrease)/ increase in cash and cash equivalents		(1,633)	3,364
Cash and cash equivalents at the beginning of the year	17	2,041	(1,323)
Cash and cash equivalents at the end of the year	17	408	2,041

Accounting Policies

General Information

The Clapham House Group PLC is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on AIM of the London Stock Exchange.

The financial statements have been prepared under the historical cost convention.

Basis of Preparation

The comparative results for the year ended 30 March 2008 have been restated to show the impact of discontinued operations.

The Company has taken advantage of the exemption provided under Section 230(3) of the Companies Act 1985 not to publish its individual profit and loss account and related notes.

The consolidated financial statements for the year ended 29 March 2009 are presented in Sterling because that is the primary 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.

These consolidated financial statements have been prepared on the basis of the requirements of IFRSs in issue at 29 March 2009.

At the date of authorisation of these financial statements the following Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

- IAS 1 Amendment Comprehensive Income, disclosure of puttable instruments and obligations arising on liquidation (revised 2009)
- IAS 7 Amendment Statement of Cash Flows (revised 2009)
- IAS 16 Amendment Property, Plant and Equipment (revised 2008)
- IAS 17 Amendment Leases (revised 2009)
- IAS 19 Amendment Employee Benefits (revised 2008)
- IAS 20 Amendment Government grants and disclosure of Government Assistance (revised May 2008)
- IAS 23 Amendment Borrowing Costs (revised 2008)
- IAS 27 Amendment Consolidated and Separate Financial Statements (revised 2008)
- IAS 28 or 31 Amendment Associates and Joint Ventures (revised 2008)
- IAS 29 Financial reporting in hyperinflationary economies (revised 2008).
- IAS 32 Amendment Financial Statements: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
- IAS 36 Amendment Impairment of Assets (revised 2009)
- IAS 39 Amendment Financial Instruments – Recognition and Measurement – amendments for eligible hedged items and embedded derivatives when reclassifying financial instruments.
- IAS 40 Amendment Investment property (revised 2008)
- IAS 41 Amendment Agriculture (revised 2008)
- IFRS 1 Amendment First-time Adoption of International Financial Reporting Standards and IAS27 Consolidated and Separate Financial Statements – Costs of Investment in a Subsidiary, Joint Controlled Entity or Associate
- IFRS 2 Amendment Share-based payments – Vesting conditions and cancellations and amendments resulting from April 2009 Annual Improvements for IFRSs
- IFRS 3 Amendment Business Combinations (revised 2008)
- IFRS 5 Amendment Non-current Assets Held for Sale and Discontinued Operations and amendments resulting from April 2009 Annual Improvements for IFRSs.
- IFRS 7 Amendment Financial Instruments – enhancing disclosures about fair value and liquidity risk.
- IFRS 8 Operating Segments and amendments resulting from April 2009 Annual Improvements for IFRSs
- IFRIC 15 Agreements for the Construction of Real Estate
- IFRIC 16 Hedge of Net Investments in a Foreign Operation
- IFRIC 17 Distributions of Non-cash Assets to Owners
- IFRIC 18 Transfers of Assets from Customers

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements.

Going Concern

The consolidated financial statements have been prepared on a going concern basis as, after making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future at the time of approving the financial statements. The principal risks and uncertainties facing the Group are set out in the Directors' Report on pages 8 to 11.

Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements incorporate those of The Clapham House Group PLC and all of its subsidiary undertakings for the year. Subsidiaries acquired during the year are consolidated from the date that the Group has the power to control and will continue to be consolidated until the date that such control ceases.

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

Intangible Assets

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of an acquisition over the Group's interest in the fair value attributed to the net assets at acquisition. Goodwill is not subject to amortisation but is tested for impairment at least annually. After initial recognition, goodwill is stated at cost less any accumulated impairment losses. Any impairment is recognised immediately in the income statement and is not subsequently reversed. Goodwill is allocated to cash generating units for the purpose of impairment testing. Each of these cash generating units represent the Group's investment in a subsidiary.

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Computer Software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised over their estimated useful lives, being between 3 and 5 years. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development, employee costs and directly attributable overheads.

Software integral to a related item of hardware equipment is accounted for as property, plant and equipment.

Costs associated with maintaining computer software programmes are recognised as an expense when they are incurred.

Other Intangible Assets

Other intangible assets with finite lives are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful lives range from 5 to 20 years on a straight-line basis.

Accounting Policies (continued)

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less depreciation and any recognised impairment loss. The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is provided on property, plant and equipment at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Leasehold properties and improvements	over lease term or renewal term
Plant and equipment	20% to 33% straight line
Furniture, fixtures and fittings	10% to 20% straight line
Motor vehicles	20% to 25% straight line

Assets in the course of construction are carried at cost, less any recognised impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

Residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate on an annual basis. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Impairment of Assets

Goodwill is not subject to amortisation but is tested for impairment annually or whenever there is an indication that the asset may be impaired. For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash generating units. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment losses recognised for goodwill are not reversed in a subsequent period.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

Investments

Long term investments are classified as held to maturity and measured at amortised cost. Provision is made for any impairment in the value of investments.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

Financial Instruments

Financial assets and financial liabilities, in respect of financial instruments, are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Where derivative instruments do not qualify for hedge accounting, changes in the fair value of any these derivative instruments are recognised immediately in the income statement.

Trade Receivables

Trade receivables are classified as loans and receivables and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment. A provision for impairment is made where there is objective evidence (including customers with financial difficulties or in default on payments), that amounts will not be recovered in accordance with original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flow, discounted using the original effective interest rate. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in the income statement.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade Payables

Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Share Capital

Share capital represents the nominal value of ordinary shares issued.

Share Premium

Share premium represents the amounts subscribed for share capital in excess of nominal value less the related costs of share issue.

Retained Earnings/(Deficit)

The retained earnings/(deficit) represents cumulative net gains and losses recognised in the consolidated income statements and the cumulative share based payment charges.

Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into sterling, the presentational and functional currency of the Group, at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income statement.

Financial Liabilities and Equity Instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets. Interest bearing loans and overdrafts are initially measured at fair value (which is equal to cost at inception), and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowing. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Accounting Policies (continued)

Taxation

Income tax expense represents the sum of the current tax payable and deferred tax.

Current tax payable or recoverable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because some items of income or expense are taxable or deductible in different years or may not be taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit or the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they either relate to income taxes levied by the same taxation authority on either the same taxable entity or on different taxable entities which intend to settle the current tax assets and liabilities on a net basis.

Tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the tax is also recognised directly in equity.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments as determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement.

Rentals payable under operating leases are charged to the income statement on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Retirement Benefits

The amount charged to the income statement in respect of pension costs is the contributions payable to money purchase schemes in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Revenue Recognition

Revenue represents the fair value of the consideration received or receivable, net of Value Added Tax, for goods sold and services provided to customers outside the Group after deducting discounts. Revenue is recognised when the significant risks and rewards of ownership are transferred.

Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Share Based Payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured using a Black-Scholes valuation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies, described above, with respect to the carrying amounts of assets and liabilities at the date of the financial statements, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting year. These judgements, estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, including current and expected economic conditions. Although these judgements, estimates and associated assumptions are based on management's best knowledge of current events and circumstances, the actual results may differ. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

The judgements, estimates and assumptions which are of most significance to the Group are detailed below:

Valuation of acquired businesses

The initial accounting for an acquisition involves identifying and determining the fair values to be assigned to identifiable assets, liabilities and contingent liabilities as well as the acquisition cost. In some instances, this initial accounting can only be determined provisionally by the end of the period in which the acquisition is effected because the fair values and/or the cost is not known with full certainty. In such an event, the initial accounting can be completed using provisional values with any adjustments to those provisional values being completed within 12 months of the acquisition date. Additionally, in determining the fair value of acquisition-related intangible assets, in the absence of market prices for similar assets, valuation techniques are applied. These techniques use a variety of estimates including projected future results and expected future cash flows discounted using the weighted average cost of capital.

Assessment of the recoverable amounts in respect of assets tested for impairment

The Group tests property, plant and equipment and intangible assets, including goodwill, for impairment on an annual basis or more frequently if there are indications that amounts may be impaired. The impairment analysis for such assets is principally based upon discounted estimated future cash flows from the use and eventual disposal of the assets. Such an analysis includes an estimation of the future anticipated results and cash flows, annual growth rates and the appropriate discount rates.

Valuation of share based payments

The charge for share based payments is calculated in accordance with the methodology described in note 23. The model requires highly subjective assumptions to be made including the future volatility of the Company's share price, expected dividend yield and risk-free interest rates.

Accounting Policies (continued)

Definitions

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, impairment of goodwill and intangible assets, onerous lease costs, 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/loss before taxation before impairment of property, plant and equipment, impairment of goodwill and intangible assets, onerous lease costs, restructuring costs, share based payments and pre-opening costs.

Notes to the Consolidated Financial Statements

for the year ended 29 March 2009

1. Business Segments

For management purposes, the Group is currently organised into two operating divisions, Gourmet Burger Kitchen and Development 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 – Gourmet Burger Kitchen and GBK Franchises; and
Development Brands – The Real Greek and Tootsies/Dexters.

For the year ended 29 March 2009	Gourmet Burger Kitchen £'000	Development Brands £'000	Unallocated £'000	Group £'000
Revenue	37,297	24,863	-	62,160
Headline EBITDA	7,906	2,012	(1,247)	8,671
Depreciation and amortisation	(2,156)	(1,343)	(133)	(3,632)
Headline operating profit/(loss)	5,750	669	(1,380)	5,039
Operating profit/(loss)	5,081	399	(1,603)	3,877
Impairment of property, plant and equipment	(590)	(3,644)	-	(4,234)
Impairment of goodwill and intangible assets	-	(24,218)	-	(24,218)
Onerous lease costs	-	(686)	-	(686)
Restructuring costs	-	(1)	(12)	(13)
Segment result	4,491	(28,150)	(1,615)	(25,274)
Finance income				141
Finance costs				(1,041)
Loss before taxation				(26,174)
Income tax expense				(667)
Loss for the year from continuing operations				(26,841)
Profit for the year from discontinued operations (see note 28)				1
Loss for the year				(26,840)
Total assets	43,753	13,634	1,077	58,464
Total liabilities	(7,722)	(6,043)	(16,589)	(30,354)
Net assets	36,031	7,591	(15,512)	28,110
Other segment information				
Capitalised intangible assets additions	77	59	3	139
Capitalised property, plant and equipment additions	5,952	2,324	22	8,298

Notes to the Consolidated Financial Statements (continued)

1. Business Segments (continued)

Profit/(loss) for the year from discontinued operations relates to a business that was previously recognised as development brands.

For the year ended 30 March 2008	Gourmet Burger Kitchen £'000	Development Brands £'000	Unallocated £'000	Group £'000
Revenue	28,041	25,217	-	53,258
Headline EBITDA	7,116	3,041	(1,503)	8,654
Depreciation and amortisation	(1,436)	(1,394)	(101)	(2,931)
Headline operating profit/(loss)	5,680	1,647	(1,604)	5,723
Operating profit/(loss)	4,452	1,531	(1,813)	4,170
Impairment of property, plant and equipment	-	(1,343)	-	(1,343)
Restructuring costs	-	(678)	(130)	(808)
Segment result	4,452	(490)	(1,943)	2,019
Finance income				59
Finance costs				(735)
Profit before taxation				1,343
Income tax expense				(610)
Profit for the year from continuing operations				733
Loss for the year from discontinued operations (see note 28)				(2,446)
Loss for the year				(1,713)
Total assets	40,400	44,914	1,952	87,266
Total liabilities	(7,565)	(5,575)	(19,775)	(32,915)
Net assets	32,835	39,339	(17,823)	54,351

Other segment information

Capitalised intangible assets additions	196	63	-	259
Capitalised property, plant and equipment additions	16,363	2,856	401	19,620

Profit/(loss) for the year from discontinued operations relates to a business that was previously recognised as development brands.

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

2. Pre-Opening Costs

Pre-opening costs of £562,000 (2008 restated: £1,064,000) 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.

3. Operating Profit

	Year ended 29 March 2009 £'000	Year ended 30 March 2008 Restated £'000
Operating profit is stated after charging/(crediting):		
Depreciation of owned property, plant and equipment	3,557	2,872
Amortisation of owned intangible assets	75	59
Loss on disposal of property, plant and equipment	53	306
Operating lease rentals:		
Land and buildings	6,911	5,623
Inventories – amounts charged as an expense	15,560	13,974
Foreign exchange gains	(3)	(8)
Share based payments	600	489
Pre-opening costs	562	1,064

Amounts payable to Baker Tilly UK Audit LLP and their associates in respect of both audit and non-audit services:

	Year ended 29 March 2009 £'000	Year ended 30 March 2008 £'000
Audit services		
- Statutory audit of parent and consolidated accounts	33	33
- Audit of subsidiaries pursuant to legislation	55	60
Other services		
- Interim results – agreed upon procedures	7	17
Other services relating to taxation		
- Compliance services	25	24
- Advisory services	13	6
- Share option scheme advice	-	5
Corporate finance transaction services		
- Acquisition due diligence and share placing *	-	58
- Rationalisation of subsidiary undertaking	56	-
Other services	-	-
	189	203

* Amounts relating to corporate finance transaction services have been capitalised as part of costs relating to business acquisitions. All other costs are included within administrative expenses.

4. Restructuring Costs

The restructuring costs for the years ended 29 March 2009 and 30 March 2008 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.

Notes to the Consolidated Financial Statements (continued)

5. Finance Income

	Year ended 29 March 2009 £'000	Year ended 30 March 2008 Restated £'000
Interest on bank deposits	141	59

6. Finance Costs

	Year ended 29 March 2009 £'000	Year ended 30 March 2008 Restated £'000
Interest payable on bank loans and overdrafts	1,041	735

7. Employees

	Year ended 29 March 2009 No.	Year ended 30 March 2008 No.
--	------------------------------------	------------------------------------

The average monthly number of persons (including Directors) employed by the Group during the year was:

Administration and management	54	63
Restaurants and distribution	1,705	1,516
	1,759	1,579

By segment:

Gourmet Burger Kitchen	914	607
Development brands	819	943
Head office	26	29
	1,759	1,579

	Year ended 29 March 2009 £'000	Year ended 30 March 2008 Restated £'000
--	--------------------------------------	--

Staff costs for above persons – continuing operations:

Wages and salaries	19,814	17,729
Social security costs	1,386	1,691
Share based payments	600	516
	21,800	19,936

DIRECTORS' REMUNERATION

The remuneration of Directors, who are the key management personnel of the Group, is set out in aggregate below. Further details of directors' emoluments can be found in the Report on Directors' Remuneration on pages 15 to 17.

	Year ended 29 March 2009 £'000	Year ended 30 March 2008 £'000
Recognised in the income statement		
Emoluments	644	696
Compensation for loss of office	-	120
Remuneration	644	816
Social security costs	(190)	113
Share based payments	340	374
	794	1,303

	Year ended 29 March 2009 £'000	Year ended 30 March 2008 £'000
Remuneration of directors		
Emoluments	778	696
Gains made on exercise of share options	-	1,857
Compensation for loss of office	-	120
	778	2,673

Included in directors' emoluments are bonuses for the year ended 29 March 2009 of £100,000 which were unpaid at the year end and were approved in June 2009 as discretionary bonuses relating to the year ended 29 March 2009. Therefore these were not recognised in the income statement for the year ended 29 March 2009.

No directors made aggregate gross pre-tax gain on the exercise of share options in the year ended 29 March 2009 (2008: 4 directors made aggregate gross pre-tax gain of: £1,857,000).

No Director received any pension benefits.

	Year ended 29 March 2009 £'000	Year ended 30 March 2008 £'000
Highest paid director:		
Aggregate emoluments	217	172
Gains made on exercise of share options	-	859
	217	1,031

The highest paid director exercised no share options during the year (2008: options over 317,647 ordinary shares of 10 pence each).

Notes to the Consolidated Financial Statements (continued)

8. Income Tax Expense

	Year ended 29 March 2009 £'000	Year ended 30 March 2008 Restated £'000
Based on the result for the year:		
UK corporation tax at 28% (2008: 30%)	623	538
Adjustment in respect of prior years	(1)	(26)
Total current tax	622	512
Deferred taxation		
Origination and reversal of temporary timing differences	702	111
Effect of decreased taxation rate	-	(13)
Adjustment in respect of prior periods	(657)	-
Total deferred tax	45	98
Total tax expense in the income statement	667	610

Factors affecting tax charge for year:

	Year ended 29 March 2009 £'000	Year ended 30 March 2008 Restated £'000
(Loss)/profit before taxation	(26,174)	1,343
Taxation at UK corporation tax rate of 28% (2008: 30%)	(7,329)	403
Tax effect of expenses not deductible for tax purposes	519	1
Tax effect of unrecognised temporary differences	1,157	(443)
Tax effect of impairment of goodwill and intangible assets	6,782	-
Tax effect of taxation losses carried forward	31	292
Share based payments not recognised in deferred taxation	168	452
Effect of change in tax rate on deferred taxation assets	-	(69)
Benefit of small company rate	(3)	-
Adjustment of deferred tax charge in respect of previous years	(657)	-
Adjustment of tax charge in respect of previous years	(1)	(26)
Total income tax expense in the income statement	667	610

9. (Loss)/Earnings Per Share

	Year ended 29 March 2009 £'000	Year ended 30 March 2008 Restated £'000
Earnings/(loss) for the purposes of basic and diluted earnings per share:		
Continuing operations	(26,841)	733
Discontinued operations	1	(2,446)
Loss for the period	(26,840)	(1,713)
Adjustments – continuing operations		
Impairment of property, plant, equipment	4,234	1,343
Impairment of goodwill and intangible assets	24,218	-
Onerous lease costs	686	-
Restructuring costs	13	808
Taxation benefit on restructuring costs	-	(242)
Share based payments	600	489
Deferred taxation on share based payments	-	452
Pre-opening costs	562	1,064
Taxation benefits on pre-opening costs	(157)	(319)
	30,156	3,595
Adjustments – discontinued operations		
Impairment of goodwill	-	1,900
Restructuring costs	-	15
Taxation benefit on restructuring costs	-	(5)
Share based payments	-	27
Deferred taxation on share based payments	-	(44)
Pre-opening costs	-	72
Taxation benefits on pre-opening costs	-	(20)
	-	1,945
Headline earnings of the period of the purposes of headline basic and diluted earnings per share:		
Continuing operations	3,315	4,328
Discontinued operations	1	(501)
Headline earnings for period	3,316	3,827

Notes to the Consolidated Financial Statements (continued)

9. (Loss)/Earnings Per Share (continued)

	Year ended 29 March 2009 £'000	Year ended 30 March 2008 £'000
Weighted average number of ordinary shares in issue for the purposes of basic earnings per share	37,322	37,137
Effect of dilutive potential ordinary shares:		
- Share options	-	228
Weighted average number of shares for the purposes of diluted earnings per share	37,322	37,365

	Year ended 29 March 2009	Year ended 30 March 2008 Restated
Earnings/(loss) per share:		
- continuing operations		
Basic	(71.9p)	2.0p
Diluted	(71.9p)	2.0p
Headline Basic	8.9p	11.7p
Headline Diluted	8.9p	11.6p

Earnings/(loss) per share:		
- discontinued operations		
Basic	- p	(6.6p)
Diluted	- p	(6.6p)
Headline Basic	- p	(1.4p)
Headline Diluted	- p	(1.4p)

Earnings/(loss) per share:		
- continuing and discontinued operations		
Basic	(71.9p)	(4.6p)
Diluted	(71.9p)	(4.6p)
Headline Basic	8.9p	10.3p
Headline Diluted	8.9p	10.2p

10. Goodwill and Intangible Assets

	Computer software £'000	Trademarks and licenses £'000	Brand £'000	Goodwill £'000	Total £'000
Cost					
1 April 2007	-	78	647	37,415	38,140
Additions	207	52	-	101	360
Disposals	-	(9)	-	-	(9)
30 March 2008	207	121	647	37,516	38,491
Additions	92	47	-	-	139
Disposals	(6)	(40)	-	(1,224)	(1,270)
29 March 2009	293	128	647	36,292	37,360
Amortisation					
1 April 2007	-	10	30	-	40
Charged in the year	22	8	32	-	62
Impairment	-	-	-	1,900	1,900
30 March 2008	22	18	62	1,900	2,002
Charged in the year	40	4	32	-	76
Impairment	-	-	553	23,665	24,218
Disposal	(4)	(10)	-	-	(14)
29 March 2009	58	12	647	25,565	26,282
Net book value					
29 March 2009	235	116	-	10,727	11,078
30 March 2008	185	103	585	35,616	36,489

Goodwill relates to the anticipated profitability and future operating synergies arising on acquisition of subsidiaries.

All amortisation charges have been recognised as administrative expenses in the income statement.

In accordance with the Group's accounting policy the carrying value of goodwill is reviewed annually for impairment. The review entails an assessment of the present value of projected return from an asset over a period into perpetuity with assumptions as described in note 12. The review performed at the year end identified an impairment of the carrying value of goodwill and brand associated with Tootsies and Dexters of £24,218,000 (2008: The Bombay Bicycle Club of £1,900,000).

Notes to the Consolidated Financial Statements (continued)

11. Property, Plant and Equipment

	Leasehold improvements £'000	Assets in the course of construction £'000	Plant and equipment £'000	Furniture, fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost						
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	40,067	549	4,438	3,571	197	48,822
Additions	6,200	172	1,099	609	13	8,093
Reclassification	199	(199)	1	(1)	-	-
Disposals	(3,383)	(84)	(559)	(375)	(142)	(4,543)
29 March 2009	43,083	438	4,979	3,804	68	52,372
Accumulated depreciation						
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	4,073	-	1,445	767	114	6,399
Charge in the year	2,189	-	928	495	25	3,637
Reclassification	(43)	-	43	-	-	-
Impairment	3,566	-	224	444	-	4,234
Disposals	(639)	-	(292)	(212)	(86)	(1,229)
29 March 2009	9,146	-	2,348	1,494	53	13,041
Net book value						
29 March 2009	33,937	438	2,631	2,310	15	39,331
30 March 2008	35,994	549	2,993	2,804	83	42,423

All depreciation charges have been recognised in administrative expenses in the income statement.

12. Impairment

Goodwill and intangible assets

The Group has the following cash generating units, being the lowest level of assets for which there are separately identifiable cash flows, have carrying amounts of goodwill that are considered significant in comparison with the Group's total goodwill balance: The Real Greek, Gourmet Burger Kitchen and Tootsies/Dexters.

Key assumptions used in value in use calculations for The Real Greek, Gourmet Burger Kitchen and Tootsies/Dexters:

Budgeted EBITDA	Budgeted EBITDA, calculated as headline operating profit before depreciation and amortisation adjusted for known variances
Budgeted capital expenditure	The cash flow forecasts for capital expenditure are based on past experience and includes the ongoing capital expenditure required
Period of cash flow	Perpetuity as brand strength should enable the business to trade for a sufficiently long period of time
EBITDA Growth Rate	-3.0% in year 2 and then 0.0% in years 3 to 20 being the generally accepted restaurant sector growth rate
Weighted average cost of capital	Estimated at 8.0%

No impairment adjustments resulted from the value in use calculations for the Gourmet Burger Kitchen and The Real Greek cash generating units.

The impairment losses of £24,218,000 (2008: £1,900,000) recognised in the income statement in respect of goodwill and brand relate to Tootsies/Dexters which has been tested for impairment using a value in use basis. The impairment loss in 2008 related to The Bombay Bicycle Club which had been tested for impairment using a net realisable value basis, using estimated selling price less cost of disposal, as the business was subsequently disposed on 16 July 2008.

Property, plant and equipment

The impairment losses of £4,234,000 (2008: £1,343,000) recognised in the income statement in respect of property, plant and equipment relate to one restaurant in Gourmet Burger Kitchen and various restaurants within the Development Brands.

Key assumptions used in value in use calculations:

Budgeted EBITDA	Budgeted EBITDA, calculated as headline operating profit before depreciation and amortisation adjusted for known variances
Budgeted capital expenditure	The cash flow forecasts for capital expenditure are based on past experience and includes the ongoing capital expenditure required.
Long Term Growth Rate	Nominal GDP rates for the UK
Weighted average cost of capital	Estimated at 8.0%

Notes to the Consolidated Financial Statements (continued)

13. Investments

	Unlisted £'000
Cost	
30 March 2008 and 29 March 2009	63

The Group owns a 10% interest in the issued share capital of Master Burger Investments Limited, a company, registered in Ireland, that operates the GBK franchise for Ireland and Northern Ireland.

14. Principal Subsidiary Undertakings

As at 29 March 2009, the Company had the following subsidiary undertakings that have been included in the Consolidated Financial Statements. All subsidiary undertakings have share capital consisting solely of ordinary shares.

Name of subsidiary	Class of holding	Proportion of shares held ownership interest and voting power	Nature of business
<i>Incorporated in England and Wales</i>			
CHG Brands Limited	Ordinary	100%	Brand development
GBK Franchises Limited *	Ordinary	100%	Franchising
Gourmet Burger Kitchen Limited	Ordinary	100%	Operation of restaurants
TD Scotland Limited *	Ordinary	100%	Operation of restaurants
The Real Greek Food Company Limited	Ordinary	100%	Operation of restaurants
Tootsies Restaurants Limited *	Ordinary	100%	Operation of restaurants
Urban Dining Limited	Ordinary	100%	Intermediate holding company
<i>Incorporated in Ireland</i>			
Gourmet Burger Kitchen (Ireland) Limited *	Ordinary	100%	Dormant

* Held by subsidiary undertakings

The Group has presented information above relating to principal subsidiaries only as full compliance with schedule 5 paragraph 15 of the Companies Act 1985 would result in a statement of excessive length.

15. Inventory

	2009 £'000	2008 £'000
Raw materials and consumables	1,347	1,383

No provisions have been made against the carrying value of the inventory.

16. Trade and Other Receivables

	2009 £'000	2008 £'000
Included within non-current assets:		
Other receivables	505	577
	505	577
Included within current assets:		
Trade receivables	2,003	1,432
Other receivables	-	2
Prepayments and accrued income	3,188	2,776
	5,191	4,210

Other receivables included within non-current assets relate to rent deposits.

Trade receivables are denominated in sterling and mainly relate to amounts of customer receipts processed through credit cards and which clear over an average of 3 working days. The Group believes that the balances are recoverable in full and therefore no impairments are required.

The Group holds no collateral against these receivables at the balance sheet date. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

17. Cash and Cash Equivalents

	2009 £'000	2008 £'000
Cash at bank and in hand	656	883
Short term money market deposits	293	1,232
Cash and cash equivalents as presented in the balance sheet	949	2,115
Bank overdrafts	(541)	(74)
	408	2,041

Bank balances and money market deposits comprise cash held by the Group on a short term basis with maturity of three months or less. The carrying amount of these assets approximates their fair value.

18. Trade and Other Payables

	2009 £'000	2008 £'000
Included in current liabilities:		
Trade payables	7,231	7,892
Other taxation and social security payable	2,444	2,678
Other payables	21	8
Accruals and deferred income	4,474	3,974
	14,170	14,552

Trade payables were all denominated in sterling and comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases were 34 days (2008: 35 days).

The Directors consider that the carrying amount of trade payables approximate to their fair value.

Notes to the Consolidated Financial Statements (continued)

19. Borrowings

	2009 £'000	2008 £'000
Short term borrowings:		
Bank overdraft	541	74
Long term borrowings:		
Bank loans	14,000	18,000
	14,541	18,074

As at 29 March 2009, the Group's committed Sterling borrowing facilities comprises a bank loan facility of £19,000,000 (2008: £19,000,000) expiring between two and five years and a bank overdraft facility of £2,500,000 (2008: £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 1.95% (2008: 1.125%) above three months LIBOR. During the year ended 29 March 2009, the Group purchased an interest rate swap from the bank for £Nil premium to fix the interest rate for £3,450,000 of the loan at 3.71% (before margin) until August 2009. During the year ended 30 March 2008, the Group purchased an interest rate swap from the bank for £Nil premium to fix the interest rate before margin for £10,000,000 of the loan at 5.15% until August 2009. These two swaps have not been included at fair value in the accounts as the directors believe the balances are not material. The interest rate applicable on the overdraft facility is 2.25% (2008: 1.25%) above Barclays Bank PLC base rate. The Group also has two Sterling overdraft facilities together amounting to £150,000 from HSBC Bank PLC with interest rate applicable on the facility of 2.5% (2008: 1.7%) above HSBC Bank PLC base rate.

Financial Risk Management

The Group's finance function provides a centralised service to all Group businesses for funding, foreign exchange and interest rates management. Derivative instruments may be transacted solely for risk management purposes. There has been no significant change during the financial year or since the end of the year, to the types of financial risks faced by the Group or the Group's approach to the management of those risks.

Capital Management

The Group's main objective when managing capital is to protect returns to shareholders by ensuring the Group will continue to trade for the foreseeable future. The Group's policy is to borrow centrally using a mixture of long term bank loan facilities and short term bank overdraft facilities to meet anticipated funding requirements. The Board utilises two ratios to monitor debt funding:

- Consolidated Gross Borrowings to Consolidated Headline EBITDA as at 29 March 2009 of 1.68 (2008: 2.0);
- Consolidated Headline EBITDA before property rental costs to Consolidated Gross Financing Costs plus property rental costs as at 29 March 2009 of 1.95 (2008: 1.88).

Financial Assets and Liabilities

The Group had the following financial assets and liabilities:

	29 March 2009			30 March 2008		
	Loans and receivables £'000	Other Financial Liabilities £'000	Total £'000	Loans and receivables £'000	Other Financial Liabilities £'000	Total £'000
<i>Non-current financial assets</i>						
<i>Other receivables**</i>	505	-	505	577	-	577
<i>Current financial assets</i>						
Cash at bank and in hand	656	-	656	883	-	883
Short term money market deposits	293	-	293	1,232	-	1,232
Trade receivables**	2,003	-	2,003	1,432	-	1,432
Other receivables**	-	-	-	2	-	2
<i>Current financial liabilities</i>						
Bank overdrafts	-	(541)	(541)	-	(74)	(74)
Trade and other payables*	-	(11,726)	(11,726)	-	(11,874)	(11,874)
<i>Non-current financial liabilities</i>						
Bank loans	-	(14,000)	(14,000)	-	(18,000)	(18,000)
	3,457	(26,267)	(22,810)	4,126	(29,948)	(25,822)

* excludes other taxation and social security included in trade and other payables in note 18.

** excludes prepayments and accrued income included in trade and other receivables in note 16.

The maturity analysis table below analyses the Group's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

For the year ended 29 March 2009	Less than	Between	More	Total
	1 year £'000	1 and 5 years £'000	than 5 years £'000	
Cash at bank and in hand	656	-	-	656
Short term money market deposits	293	-	-	293
Trade receivables	2,003	-	-	2,003
Other receivables	-	-	505	505
Bank overdrafts	(541)	-	-	(541)
Bank loans	(669)	(15,506)	-	(16,175)
Trade and other payables	(11,726)	-	-	(11,726)
	(9,984)	(15,506)	505	(24,985)

Notes to the Consolidated Financial Statements (continued)

19. Borrowings (continued)

For the year ended 30 March 2008	Less than 1 year £'000	Between 1 and 5 years £'000	More than 5 years £'000	Total 2009 £'000
Cash at bank and in hand	883	-	-	883
Short term money market deposits	1,232	-	-	1,232
Trade receivables	1,432	-	-	1,432
Other receivables	2	-	577	579
Bank overdrafts	(74)	-	-	(74)
Bank loans	(1,295)	(18,539)	-	(19,834)
Trade and other payables	(11,874)	-	-	(11,874)
	(9,694)	(18,539)	577	(27,656)

The financial instruments recognised on the balance sheets and shown above are all loans and receivables and financial liabilities.

Liquidity Risks

As at 29 March 2009, the Group had £5,000,000 (2008: £1,000,000) un-drawn committed long term bank borrowing facilities and £2,109,000 (2008: £1,175,000) un-drawn committed short term bank overdraft facilities available to manage its liquidity. These facilities expire in June 2012.

Market Risks

The Group's market risk exposure arises mainly from its floating interest rate interest bearing borrowings. Only the following financial assets and liabilities were interest bearing:

	29 March 2009			30 March 2008		
	Floating Rate £'000	Fixed Rate £'000	Total £'000	Floating Rate £'000	Fixed Rate £'000	Total £'000
Cash at bank and in hand	656	-	656	883	-	883
Short term money market deposits	293	-	293	1,232	-	1,232
Bank overdrafts	(541)	-	(541)	(74)	-	(74)
Bank loans	(550)	(13,450)	(14,000)	(8,000)	(10,000)	(18,000)
	(142)	(13,450)	(13,592)	(5,959)	(10,000)	(15,959)

Under the Group's interest rate management policy, approximately 50% or more of the interest rates on material borrowings are fixed until the end of the borrowing term. As at 29 March 2009, 96% (2008: 56%) of the Group's long term borrowings were fixed at weighted average rate of 4.78% (2008: 5.15%) plus mandatory costs and margin for the period to the end of the current loan term. The fixing is by way of two interest rate swaps. The derivative financial instruments relate to a forward interest rate swap for £8,000,000 starting in August 2009 and matures at June 2012 at a fixed rate of 2.67%. All other borrowings are maintained on a Sterling floating rate basis.

Trade and other receivables and trade and other payables are all non-interest bearing.

Weighted average interest rates paid during the year for bank loans were 6.63% (2008: 7.64%) and the weighted average interest rates paid during the year for bank overdrafts were 5.30% (2008: 6.75%)

The Group has derived a sensitivity analysis based on 20% variances in floating interest rates:

	2009 £'000	2008 £'000
Impact on equity and profit after tax		
20% increase in rate of interest	(5)	(275)
20% decrease in rate of interest	5	275

Foreign Exchange Risks

During the year ended 29 March 2009, the Group did not receive or pay significant amounts denominated in foreign currencies. As income from foreign franchised territories that is not denominated or agreed in Sterling increase to a significant level, the Group will implement a foreign exchange management policy.

Credit Risks

The Group's exposure to credit risk arises mainly from as follows:

	2009 £'000	2008 £'000
Cash at bank and in hand	656	883
Short term money market deposits	293	1,232
Trade receivables and other receivables	2,508	2,011
	3,457	4,126

The Group's cash balances are placed on short term money market deposits so as to maximise interest earned while maintaining the liquidity requirements of the business. The Board regularly review the placing of cash balances. The weighted average interest rate of the short-term deposits utilised during the year was 4.71% (2008: 3.9%) and the average amount of time for which interest rates are fixed on short-term deposits were 1 day (2008: 1 day).

The majority of the Group's trade receivables are due for maturity within 7 days and largely comprise amounts receivable from credit and debit card clearing houses.

Fair Values of Financial Assets and Financial Liabilities

The fair value amounts of the Group's financial assets and liabilities as at 29 March 2009 and 30 March 2008 did not materially vary from the carrying value amounts.

20. Deferred Taxation

The movement in the year of the Group's net deferred tax position was as follows:

	2009 £'000	2008 £'000
30 March 2008	289	(549)
Transfer to income statement	45	229
Transfer to retained earnings	1	609
29 March 2009	335	289

Notes to the Consolidated Financial Statements (continued)

20. Deferred Taxation (continued)

The deferred taxation asset/liability disclosed above relates primarily to accelerated capital allowances and trading losses carried forward as follows.

	2009 £'000	2008 £'000
Deferred tax assets		
Unutilised losses	62	152
Share options	-	26
Other timing differences	99	73
	161	251
Deferred tax liabilities		
Accelerated capital allowances	(496)	(540)
Deferred taxation provision	(335)	(289)

There are losses of £3,369,000 (2008: losses of £5,464,000) which, subject to agreement with the Inland Revenue, are available to offset against future profits. A deferred taxation asset in respect of these losses of £943,000 (2008: losses of £4,957,000) has not been recognised in the financial statements. Although the directors are confident that the company will achieve future profitability in line with current expectations, the timing of such profits is uncertain and therefore the directors have not recognised the entire deferred tax asset at the balance sheet date.

21. Provisions

	2009 £'000	2008 £'000
Provision for onerous leases		
30 March 2008	-	-
Provisions made	686	-
29 March 2009	686	-

Provisions have been analysed between current and non-current as follows:

	2009 £'000	2008 £'000
Current liabilities	152	-
Non-current liabilities	534	-
	686	-

22. Share Capital

	2009 £'000	2008 £'000
Authorised:		
50,000 redeemable shares of £1 each	50	50
55,000,000 (2008: 55,000,000) ordinary shares of 10p each	5,500	5,500
	<u>5,550</u>	<u>5,550</u>
Allotted, issued called up and fully paid:		
37,321,796 (2008: 37,321,796) ordinary shares of 10p each	3,732	3,732

The Company has one class of ordinary share which carries no rights to fixed income.

On 16 April 2007, the Company issued 1,710,000 ordinary shares of 10p each at £3.00 per share by way of a placing.

On 19 June 2007, the Company issued 19,300 ordinary shares of 10 pence each at £1.445 each and 10,000 ordinary shares of 10 pence each at £1.31 each on the exercise of share options.

On 28 June 2007, the Company issued 410,294 ordinary shares of 10 pence each at £1.00 each, 70,000 ordinary shares of 10 pence each at £1.31 each and 184,200 ordinary shares of 10 pence each at £1.445 each on the exercise of share options.

23. Share Based Payments

The Group currently uses a number of equity settled share plans to grant options and shares to its Directors and employees.

The Company operates five share based incentive schemes:

- Restricted Share Plan;
- Share Option Plans:
 - Management Incentive ("EMI") Share Option Plan;
 - Unapproved Share Option Plan
 - Approved Share Option Scheme 2006 ("CSOP"); and
- 2007 Long Term Incentive Plan ("LTIP").

Restricted Share Plan

There were no outstanding restricted shares as at 29 March 2009 or 30 March 2008.

Share Option Plans

The Group's Share Option Plans comprised the EMI, Unapproved Share Option Plan and the CSOP.

The Group's Share Option Plans provide for a grant price equal to the average quoted market price of the Group shares on the date of grant. The vesting period on all Share Option Plans is 3 years with an expiration date 10 years from the date of grant. Furthermore, share options are forfeited if the employee leaves the Group before the options vest unless forfeiture is waived at the discretion of the Remuneration Committee.

Notes to the Consolidated Financial Statements (continued)

23. Share Based Payments (continued)

Outstanding share options to acquire ordinary shares of 10 pence each as at 29 March 2009 or 30 March 2008 are as follows:

	2009 £'000	2008 £'000
30 March 2008	4,141	4,776
Granted during the year	-	62
Forfeited during the year	(446)	(3)
Exercised during the year	-	(694)
29 March 2009	3,695	4,141

Weighted average exercise price

	2009 £'000	2008 £'000
30 March 2008	1.95	1.81
Granted during the year	-	3.59
Forfeited during the year	2.77	2.25
Exercised during the year	-	1.17
29 March 2009	1.85	1.95

The weighted average market value at date of exercise over the year was £Nil (2008 £3.95) as no options were exercised (2008: 694,000).

Outstanding and exercisable share options to acquire ordinary shares of 10 pence each as at 29 March 2009 are as follows:

For the year ended 29 March 2009

Range of exercise prices	Number of shares '000	Weighted Average Exercise Price £	Options outstanding Weighted Average Remaining Contractual life months	Number of shares '000	Weighted Average Exercise Price £	Options exercisable Weighted Average Remaining Contractual life months
<i>EMI</i>						
£0.01 - £1.00	200	1.00	55	200	1.00	55
£1.01 - £2.00	321	1.52	73	289	1.48	72
	521	1.32	66	489	1.28	65
<i>Unapproved</i>						
£1.01 - £2.00	2,480	1.77	79	661	1.47	67
£2.01 - £3.00	484	2.38	90	-	-	-
£3.01 - £4.00	33	3.59	100	-	-	-
	2,997	1.89	81	661	1.47	67
<i>CSOP</i>						
£2.01 - £3.00	148	2.48	92	-	-	-
£3.01 - £4.00	29	3.59	100	-	-	-
	177	2.66	94	-	-	-

For the year ended 30 March 2008

Range of exercise prices	Number of shares '000	Weighted Average Exercise Price £	Options outstanding Weighted Average Remaining Contractual life months	Number of shares '000	Weighted Average Exercise Price £	Options exercisable Weighted Average Remaining Contractual life months
<i>EMI</i>						
£0.01 - £1.00	200	1.00	67	200	1.00	67
£1.01 - £2.00	343	1.51	85	114	1.37	74
	543	1.32	79	314	1.13	70
<i>Unapproved</i>						
£1.01 - £2.00	2,525	1.77	92	463	1.43	74
£2.01 - £3.00	809	2.63	104	-	-	-
£3.01 - £4.00	33	3.59	112	-	-	-
	3,367	2.00	95	463	1.43	74
<i>CSOP</i>						
£2.01 - £3.00	202	2.54	105	-	-	-
£3.01 - £4.00	29	3.59	112	-	-	-
	231	2.568	106	-	-	-

No cash was used to settle equity instruments granted under share based incentive schemes.

During the year ended 29 March 2009, the market price of ordinary shares in the Company ranged from £0.52 to £1.80 (2008: £1.50 to £4.15). The share price as at 29 March 2009 was £0.66 (2008: £1.73).

The fair value of the options is estimated at the date of grant using a Black-Scholes valuation model that uses the assumptions noted below:

	2009	2008
Expected life of options (years)	-	3
Expected share price volatility (180 days)	-	21.0% - 22.7%
Dividend yield	-	0%
Risk free rate (Bank of England base interest rate)	-	5.50% - 5.75%
Exercise price	-	£3.32 - £3.81
Share price at date of grant	-	£3.32 - £3.81

Expected life of options used in the model is based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Expected volatility was determined by calculating the historical 90 days volatility of the Group's share price over the previous 180 days.

The weighted average fair value of options granted during the year ended 29 March 2009 was £Nil (2008: £0.81).

During 2009 the Group recognised total share-based payment expenses for the Group's Share Option Plans of £428,000 (2008: £500,000) of which all related to equity-settled share-based payment transactions.

2007 Long Term Incentive Plan

The Group's LTIP provide for a grant price equal to the average quoted market price of the Group shares on the date of grant. The vesting period on the LTIP is 3 years with an expiration date 10 years from the date of grant. Furthermore, LTIP units are forfeited if the employee leaves the Group before the options vest unless forfeiture is waived at the discretion of the Remuneration Committee.

Notes to the Consolidated Financial Statements (continued)

23. Share Based Payments (continued)

Outstanding LTIP units to acquire ordinary shares of 10 pence each as at 29 March 2009 and 30 March 2008 are as follows:

	2009 £'000	2008 £'000
30 March 2008	531	-
Granted during the year	1,440	621
Forfeited during the year	(71)	(90)
29 March 2009	1,900	531

The performance targets for the LTIP units granted during the year are based on the share price of the ordinary shares of 10 pence each in the company as follows:

Condition 1:

The share price return on the third anniversary of grant exceeds the return of the AIM index during the same period.

Condition 2:

The share price return on the third anniversary of grant exceeds the minimum threshold price target.

If both conditions are met then between 20% and 100% of the units are released subject to the share price being between Minimum Threshold Price and Maximum Threshold Price respectively. The released units are then capable of being exercised at 10p each.

For the year ended 29 March 2009

Range of Minimum and Maximum Threshold Prices	Number of units '000	LTIP outstanding Weighted Average Remaining Contractual life months	Number of units '000	LTIP exercisable Weighted Average Remaining Contractual life months
LTIP				
£2.874 - £3.691	474	104	-	-
£1.376 - £1.768	1,426	113	-	-
	1,900	111	-	-

For the year ended 30 March 2008

Range of Minimum and Maximum Threshold Prices	Number of units '000	LTIP outstanding Weighted Average Remaining Contractual life months	Number of units '000	LTIP exercisable Weighted Average Remaining Contractual life months
LTIP				
£2.874 - £3.691	531	116	-	-

The fair value of the LTIP units is estimated at the date of grant using a Black-Scholes based asset or nothing valuation model that uses the assumptions below:

	2009	2008
Expected life of options (years)	3	3
Expected share price volatility (180 days)	48.1%	26.1%
Dividend yield	0%	0%
Risk free rate (Bank of England base interest rate)	5.00%	5.50%
Share price at date of grant	£0.905	£1.890

Expected life of options used in the model is based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Expected volatility was determined by calculating the historical 90 days volatility of the Group's share price over the previous 180 days.

The weighted average fair value of LTIP units granted during the year ended 29 March 2009 was £0.44 (2008: £0.54). During 2009, the Group recognised total share-based payment expenses for the Group's LTIP of £172,000 (2008: £16,000) of which all related to equity-settled share-based payment transactions.

24. Cash Flows

	Year ended 29 March 2009 £'000	Year ended 30 March 2008 Restated £'000
Reconciliation of net cash flows from operating activities		
Profit before taxation from continuing operations	(26,174)	1,343
Adjustments		
Finance costs	1,041	735
Finance income	(141)	(59)
Depreciation and amortisation	3,632	2,931
Loss on disposal of property, plant and equipment	53	306
Impairment of property, plant and equipment	4,234	1,343
Impairment of goodwill and intangible assets	24,218	-
Onerous lease costs	686	-
Share based payments expense	600	489
Operating cash flows before movements in working capital	8,149	7,088
Increase in inventories	(95)	(390)
Increase in trade and other receivables	(1,273)	(1,087)
Increase in payables	677	3,363
Cash generated from operating activities	7,458	8,974
Income tax paid	-	(7)
Net cash from operating activities - continuing	7,458	8,967
Net cash from operating activities - discontinued	(49)	250
Net cash from operating activities	7,409	9,217

Notes to the Consolidated Financial Statements (continued)

25. Commitments Under Operating Leases

The Group had aggregate minimum lease payments under non-cancellable operating leases as follows:

	2009 £'000	2008 £'000
Land and buildings		
Expiring within one year	7,426	6,654
Expiring between one and five years	27,754	26,806
Expiring after five years	87,752	84,402
	122,932	117,862
Others		
Expiring within one year	15	35
Expiring between one and two years	11	-
Expiring between two and five years	-	70
	26	105
Total commitments	122,958	117,967

Included above are certain annual lease commitments relating to subsidiary companies that have been guaranteed by the parent company.

Operating lease payments for land and buildings represent rent payable by the Group for certain office and restaurant properties. Leases either negotiated as a new lease or acquired through lease assignment have an average term of 15 years and rentals are fixed for an average of 5 years.

26. Capital Commitments

	2009 £'000	2008 £'000
Group capital expenditure contracted for but not provided in the financial statements relating to committed new restaurant build costs	-	702

27. Related Party Disclosures

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Group is provided in the Report on Directors Remuneration on pages 15 to 17, and in note 7. Details of share options granted and exercised by Directors are also shown in the Report on Directors Remuneration on pages 15 to 17.

Other related party transactions

On 16 April 2007, the Company paid £750,000 in cash consideration to SL Willingham, a director of the Company at the time, for the acquisition of the remaining 9.5% of the issued share capital of CHG2 Limited.

During the year, the Group provided office services to Clerkenwell Ventures PLC, a company in which DM Page and PA Campbell are non-executive directors. For these services, the Group invoiced £80,000 (2008: £93,000) to Clerkenwell Ventures PLC during the year and the balance outstanding at 29 March 2009 was £Nil (2008: £1,000).

28. Disposals and discontinued operations

On 16 July 2008, the Company completed the disposal of CHG 2 Limited trading as The Bombay Bicycle Club for cash consideration of £4,409,000. Accordingly The Bombay Bicycle Club has been treated as a discontinued operation. A profit of £106,000 arose on disposal, being the proceeds less the carrying value of Bombay Bicycle Club's net assets and attributable goodwill.

	Year ended 29 March 2009 £'000	Year ended 30 March 2008 £'000
Revenue	1,899	6,239
Expenses	(1,924)	(6,391)
Operating profit	(25)	(152)
Restructuring costs	-	(15)
Net finance costs	(80)	(248)
Loss before taxation	(105)	(415)
Income taxation expense	-	(131)
Loss from discontinued operations for the year	(105)	(546)
Impairment of goodwill	-	(1,900)
Profit from disposal of discontinued operations	106	-
Profit/(loss) from discontinued operations	1	(2,446)

Cash flows from discontinued operations included in the consolidated cash flow statement are as follows:

	Year ended 29 March 2009 £'000	Year ended 30 March 2008 £'000
Net cash flows for operating activities	(49)	250
Net cash flows for investing activities	(87)	(1,038)
	(136)	(788)

Company Balance Sheet

29 March 2009

The net assets of The Bombay Bicycle Club at the date of disposal and at 30 March 2008 were as follows:

	16 July 2008 £'000	30 March 2008 £'000
Intangible assets	30	31
Property, plant and equipment	2,764	2,760
Inventories	152	131
Trade and other receivables	453	371
Bank and cash	16	95
Trade and other payables	(1,134)	(1,002)
	2,281	2,386
Attributable goodwill	1,224	1,224
	3,505	3,610
Gain on disposal	106	
Total consideration	3,611	
Satisfied by:		
Cash	4,409	
Less costs to sell	(798)	
	3,611	
Net cash inflow arising on disposal:		
Cash consideration	3,611	
Bank balances and cash disposed of	(16)	
	3,595	

Company Balance Sheet

29 March 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Intangible assets	1	4	-
Tangible assets	2	306	446
Investments	3	14,087	38,094
		14,397	38,540
Current assets			
Stocks	4	8	11
Debtors: amounts falling due within one year	5	464	239
Debtors: amounts falling due after one year	5	25,818	29,176
Cash at bank and in hand		311	1,264
		26,601	30,690
Creditors			
Amounts falling due within one year	6	(1,820)	(1,146)
		24,781	29,544
Net current assets			
		24,781	29,544
Total assets less current liabilities			
		39,178	68,084
Creditors			
Amounts falling due after more than one year	7	(14,000)	(18,363)
		25,178	49,721
Net assets			
		25,178	49,721
Capital and reserves			
Called up share capital	9	3,732	3,732
Share premium	11	49,596	49,596
Profit and loss account	11	(28,150)	(3,607)
		25,178	49,721
Equity shareholders' funds			
		25,178	49,721

Accounting Policies

BASIS OF PREPARATION

Basis of Accounting

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

Cash Flow Statement

The Company has taken the exemption in Financial Reporting Standard 1 and has not prepared a cash flow statement.

Intangible Fixed Assets

Intangible fixed assets which mainly comprise trademarks and licences are stated at historical cost less amortisation. Amortisation is provided in order to write off each asset over its estimated useful life at a rate of 5% to 10% straight line.

Tangible Fixed Assets

Fixed assets are stated at historical cost less depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Leasehold properties and improvements	over lease term or renewal term
Plant and equipment	20% to 33% straight line
Furniture, fixtures and fittings	10% straight line
Motor vehicles	20% to 25% straight line

Depreciation is charged from the date when the asset is brought into use.

Impairment

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value-in-use, are recognised as impairments. Impairments of revalued assets, except those caused by a clear consumption of economic benefit, are recognised in the statement of total recognised gains and losses until the carrying amount reaches depreciated historic cost. All other impairment losses are recognised in the profit and loss account

Investments

Long term investments in subsidiary undertakings are classified as fixed assets and stated at cost in the Company's balance sheet. Provision is made for any impairment in the value of fixed asset investments.

Stocks

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Leased Assets and Obligations

All leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

Rent free periods or other incentives received for entering into a lease are accounted for over the period of the lease so as to spread the benefit received over the period to the first rent review.

Share Based Payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured using a Black-Scholes valuation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Parent Company

In accordance with Section 230(3) of the Companies Act 1985 a separate profit and loss account for the parent company is not presented.

Notes to the Company Financial Statements

for the year ended 29 March 2009

1. Intangible Fixed Assets

	Trademarks and Licences £'000
Cost	
31 March 2008	-
Additions	4
29 March 2009	4
Accumulated depreciation	
31 March 2008 and 29 March 2009	-
Net book value	
29 March 2009	4
30 March 2008	-

2. Tangible Fixed Assets

	Short term leasehold properties £'000	Assets In the Course of Construction £'000	Plant and equipment £'000	Furniture, fixtures and fittings £'000	Total £'000
Cost					
31 March 2008	197	24	310	108	639
Additions	-	-	21	1	22
Disposals	(3)	(24)	-	(1)	(28)
29 March 2009	194	-	331	108	633
Accumulated depreciation					
31 March 2008	77	-	91	25	193
Charged in the year	39	-	85	10	134
Disposals	-	-	-	-	-
29 March 2009	116	-	176	35	327
Net book value					
29 March 2009	78	-	155	73	306
30 March 2008	120	24	219	83	446

3. Fixed Assets Investments

	2009 £'000	2008 £'000
Investment in subsidiary undertakings		
Cost and net book value		
31 March 2008	38,094	40,688
Additions	-	99
Capital contributions arising from share based payments	377	307
Disposal of The Bombay Bicycle Club	(72)	-
Impairment of investment in The Bombay Bicycle Club	-	(3,000)
Impairment of investment in Urban Dining	(24,312)	-
As at 29 March 2009	14,087	38,094

Investment additions are made up of additional costs in relation to prior acquisitions.

During the year the Company sold CHG 2 Limited T/A The Bombay Bicycle Club for £4,409,000 in cash. Further details on this disposal are given in note 28 to the consolidated financial statements.

As at 29 March 2009, the Company had the following principal subsidiary undertakings:

Name of subsidiary	Class of Holding	Proportion of shares held, ownership interest and voting power	Nature of business
<i>Incorporated in England and Wales</i>			
CHG Brands Limited	Ordinary	100%	Brand development
GBK Franchises Limited *	Ordinary	100%	Franchising
Gourmet Burger Kitchen Limited	Ordinary	100%	Operation of restaurants
TD Scotland Limited *	Ordinary	100%	Operation of restaurants
The Real Greek Food Company Limited	Ordinary	100%	Operation of restaurants
Tootsies Restaurants Limited *	Ordinary	100%	Operation of restaurants
Urban Dining Limited	Ordinary	100%	Intermediate holding company
<i>Incorporated in Ireland</i>			
Gourmet Burger Kitchen (Ireland) Limited *	Ordinary	100%	Dormant

* Held by subsidiary undertakings

The Company has presented information above relating to principal subsidiaries only as full compliance with schedule 5 paragraph 15 of the Companies Act 1985 would result in a statement of excessive length.

4. Stock

	2009 £'000	2008 £'000
Consumables	8	11

Notes to the Company Financial Statements (continued)

5. Debtors

	2009 £'000	2008 £'000
Due within one year:		
Trade debtors	-	1
Other debtors	92	88
Prepayments and accrued income	355	142
Deferred taxation (see Note 8)	17	8
	464	239
Due in over one year:		
Amounts owed by subsidiary undertakings	25,818	29,176
	26,282	29,415

Amounts owed by subsidiary undertakings are unsecured and have no fixed repayment date with interest receivable at an average of 2% above interest rate before margin applicable to bank loans of the company.

6. CREDITORS: Amounts falling due within one year

	2009 £'000	2008 £'000
Bank loans and overdrafts	330	-
Trade creditors	372	266
Other taxation and social security	17	59
Other creditors	15	11
Accruals and deferred income	1,086	810
	1,820	1,146

See note 7 for further information on bank loans and overdrafts.

7. CREDITORS: Amounts falling due in more than one year

	2009 £'000	2008 £'000
Bank loans	14,000	18,000
Amounts owed to subsidiary undertakings	-	363
	14,000	18,363

Amounts owed to subsidiary undertakings are unsecured, interest free and repayable on demand.

ANALYSIS OF LOANS:

	2009 £'000	2008 £'000
The bank loans and overdrafts are repayable within:		
One year	330	-
More than one year but not more than two years	-	18,000
More than two years but not more than five years	14,000	-
More than five years	-	-
	14,330	18,000

Bank loan and overdrafts of the Company of £14,330,000 (2008: £18,000,000) are 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 1.95% (2008: 1.125%) above three months LIBOR.

8. Deferred Taxation

	2009 £'000	2008 £'000
31 March 2008	(8)	(323)
Transfer (from)/to profit and loss account	(9)	315
29 March 2009	(17)	(8)

The deferred taxation asset disclosed above relates primarily to accelerated capital allowances and trading losses carried forward as follows.

	2009 £'000	2008 £'000
Accelerated capital allowances	(17)	(8)
Deferred taxation asset	(17)	(8)

A deferred taxation asset in respect of tax losses of £312,000 (2008 restated: £262,000) has not been recognised in the financial statements. Although the directors are confident that the company will achieve future profitability in line with current expectations, the timing of such profits is uncertain and therefore the directors have not recognised the entire deferred tax asset at the balance sheet date.

9. Share Capital

	2009 £'000	2008 £'000
Authorised:		
50,000 redeemable shares of £1 each	50	50
55,000,000 (2008: 55,000,000) ordinary shares of 10p each	5,500	5,500
	5,550	5,550
Allotted, issued called up and fully paid:		
37,321,796 (2008: 37,321,796) ordinary shares of 10p each	3,732	3,732

Details of ordinary shares issued in the year are given in note 22 to the consolidated financial statements.

10. Share Based Payments

Details of share option awards and their valuation are given in note 23 to the consolidated financial statements.

Notes to the Company Financial Statements (continued)

11. Reserves

	Share capital £'000	Share premium £'000	Retained earnings £'000	Shareholders Funds £'000
At 1 April 2007	3,492	44,061	448	48,001
Ordinary shares issued (net of expenses)	240	5,535	-	5,775
Share based payments	-	-	516	516
Loss for the financial year	-	-	(4,571)	(4,571)
At 30 March 2008	3,732	49,596	(3,607)	49,721
Share based payments	-	-	600	600
Loss for the financial year	-	-	(25,143)	(25,143)
At 31 March 2009	3,732	49,596	(28,150)	25,178

12. Financial Instruments

The Company's financial instruments comprise cash balances, overdrafts, bank loans and items such as trade debtors and trade creditors which arise directly from its operations. Financial instruments short-term debtors and creditors have been excluded from the disclosure below. The Company has little exposure to currency, credit and cash flow risk. It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are interest rate and liquidity risk. The policy for managing these risks is summarised below and has been applied through the year.

Cash balances are placed so as to maximise interest earned while maintaining the liquidity requirements of the business. The Directors regularly review the placing of cash balances. The weighted average interest rate of the short-term deposits utilised during the year was 4.71% (2008: 3.9%) and the average amount of time for which interest rates are fixed on short-term deposits were 1 day (2008 1 day). When seeking borrowings the Directors consider the commercial terms available and, in consultation with their advisers, consider whether such terms should be fixed or variable and are appropriate to the business. Any surplus cash balances, during the year, were placed on short-term interest bearing accounts at standard bank interest rates. The cash at bank and in hand as at 29 March 2009 was £311,000 (2008: £1,264,000) and were designated in Sterling. The fair value was the same as the carrying value.

The financial liabilities of the Company as at 29 March 2009 were designated in sterling and were all floating rate liabilities. The total overdrafts at the year end were £330,000 (2008: £ Nil) and their fair value were the same as the carrying value. Interest rates on the bank overdrafts were based on the bank's base rates. The bank loan outstanding at the year end was £14,000,000 (2008: £18,000,000). Interest on the bank loan is floating on 3 months LIBOR plus a margin. During the year ended 29 March 2009, the Company purchased an interest rate swap from the bank as required under its loan facilities agreement for £nil premium to fix the interest rate for £3,450,000 of the loan at 3.71% (before margin) until August 2009. The Company also purchased a forward interest rate swap for £nil premium to fix the interest rate of £8,000,000 of the loan at 2.67% from August 2009 to June 2012. During the year ended 30 March 2008 the Company purchased an interest rate swap from the bank for £nil premium to fix the interest rate before margin for £10,000,000 of the loan at 5.15% until August 2009.

The Company had un-drawn committed borrowing facilities available at 29 March 2009 of £7,170,000 (2008: £2,000,000) which expire between one and two years.

13. Commitments under Operating Leases

The Company had annual commitments under non-cancellable operating leases as follows:

	2009 £'000	2008 £'000
Land and buildings		
Expiring within one year	150	96

14. Related Parties Transactions

The Company has taken advantage of the exemptions from disclosure applicable to subsidiary undertakings, where 90% or more of the voting rights are controlled within the Group. The Company has guaranteed certain property leases for these subsidiary undertakings of which none of the guarantees have been called during the year.

On 16 April 2007, the Company paid £750,000 in cash consideration to SL Willingham, a director of the Company at the time, for the acquisition of the remaining 9.5% of the issued share capital of CHG2 Limited.

During the year, the Company provided office services to Clerkenwell Ventures PLC, a company in which DM Page and PA Campbell are non-executive directors. For these services, the Company invoiced £80,000 (2008: £93,000) to Clerkenwell Ventures PLC during the year and the balance outstanding at 29 March 2009 was £Nil (2008: £1,000).

Directors, Officers and Advisers

Directors

DM Page
PA Campbell ACA
NCW Wong ACA
D Sykes
NJ Donaldson
T Woodcock ACA

Chairman
Chief Executive
Group Finance Director
Director
Non-executive Director
Non-executive Director

Company Secretary

NCW Wong ACA

Registered in England

Number 4918500

Registered Office

1 Lindsey Street
Suite D, Second Floor
London EC1A 9HP

Auditor

Baker Tilly UK Audit LLP
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

Nominated Adviser

Noble & Company Limited
76 George Street
Edinburgh EH2 3BU

Solicitors

Marriott Harrison
Staple Court, 11 Staple Inn Buildings
London WC1V 7QH

Registrars

Capita Registrars
The Registry, 34 Beckenham Road
Beckenham
Kent BR3 4TU

Bankers

Barclays Bank PLC
HSBC Bank PLC

Brokers

Noble & Company Limited

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at 10.00am on 29 September 2009 at Gourmet Burger Kitchen, Unit 4, Condor House, St Paul's, London, EC4M 8AL for the following purposes:

Ordinary business

To consider and, if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

1. to receive and adopt the Report of the Directors, the financial statements and the report of the auditors for the year ended 29 March 2009.
2. to receive and approve the Report on Directors' Remuneration for the year ended 29 March 2009.
3. to re-appoint Mr Paul Adam Campbell, who retires by rotation under the Company's Articles of Association, as a director of the Company.
4. to re-appoint Mr Nicholas Chi Wai Wong, who retires by rotation under the Company's Articles of Association, as a director of the Company.
5. to re-appoint Baker Tilly UK Audit LLP as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which financial statements are laid before the Company and to authorise the Directors to determine their remuneration.

Special business

To consider and, if thought fit, to pass the following resolutions of which resolution 6 will be proposed as an ordinary resolution and resolutions 7 and 8 will be proposed as special resolutions:

6. the Directors be and they are hereby generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985, as amended (the "Act"), to allot relevant securities (as defined in section 80(2) of the Act) up to an aggregate nominal amount of £500,000 for a period expiring on the conclusion of the annual general meeting of the Company to be held in 2010, except that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired.
7. the Directors be and they are hereby unconditionally empowered pursuant to section 95 of the Act for a period expiring on the conclusion of the annual general meeting of the Company to be held in 2010 to allot equity securities (within the meaning of section 94 of the Act) for cash pursuant to the authority conferred by resolution number 6 as if section 89(1) of the Act did not apply to any such allotment provided that the power is limited to:
 - a. the allotment of equity securities by way of rights issue or otherwise generally available to all shareholders of the Company in proportion (as nearly as practicable) to their holdings of ordinary shares but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
 - b. the allotment of equity securities for cash up to an aggregate nominal amount of £373,000; but the Company may before the expiry of the power conferred by this resolution make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the power conferred hereby has expired.

Notice of Annual General Meeting (continued)

8. with effect from 00.01 a.m. on 1 October 2009:
 - a. the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Companies Act 2006 (the "2006 Act"), are to be treated as provisions of the Company's Articles of Association; and
 - b. the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

The principal changes introduced to the Articles of Association are set out in Appendix 1.

BY ORDER OF THE BOARD

Nicholas Wong ACA
Company Secretary
1 Lindsey Street
Suite D, Second Floor
London EC1A 9HP

24 August 2009

Notes

1. A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend and speak on his or her behalf, and on a poll or a show of hands, vote instead of him or her. A proxy need not be a shareholder of the Company.
2. A form of proxy is enclosed. To be effective, it must be deposited at Capita Registrars, 34 Beckenham Road, Beckenham, Kent, BR3 4TU so as to be received not later than 48 hours before the time and date appointed for holding the annual general meeting. Completion of the proxy does not preclude a member from attending and voting at the meeting in person if he or she so wishes.
3. The time by which a person must be entered on the Company's Register of members in order to attend and vote at the meeting is 10.00am on 27 September 2009 or, if the meeting is adjourned, shareholders entered on the Company's register of members not later than 48 hours before the time and date fixed for the adjourned meeting shall be entitled to attend and vote at the meeting. Changes to entries in the register of members after 10.00am on 27 September 2009 will be disregarded in determining the rights of any person to attend or vote at the meeting.
4. Details of those Directors seeking re-election are given on page 7 of the Report and Financial Statements. The details of the service contracts for the Executive Directors are set out in the Report on Directors' Remuneration on pages 15 to 17 of the Report and Financial Statements. The Register of Directors' Interests and the Directors' service agreements will be available for inspection during usual business hours on any weekday (Saturdays and Public Holidays excluded) at the registered office of the Company until the date of the Annual General Meeting and at the place of the meeting for 15 minutes prior to and until the termination of the meeting.
5. Representatives of Shareholders which are corporations attending the meeting should produce evidence of their appointment by an instrument executed in accordance with section 36A of the Act or signed on behalf of the corporation by a duly authorised officer or agent and in accordance with the Company's articles of association.

6. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (<http://www.icsa.org.uk>) for further details of this procedure.
7. Copies of the proposed new Articles of Association of the Company are available for inspection at the registered office of the Company at Suite D, 2nd Floor, 1 Lindsay Street, London EC1A 9HP during usual business hours on any weekday (Saturdays, Sundays and public holidays therefore excluded) from the date of this notice until the conclusion of the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the meeting.

Appendix 1

EXPLANATORY NOTES OF PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

1. The Company's objects

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope. The Companies Act 2006 (the "2006 Act") significantly reduces the constitutional significance of a company's memorandum. The 2006 Act provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the 2006 Act the objects clause and all other provisions which are currently contained in a company's memorandum, for existing companies at 1 October 2009, will be deemed to be contained in a company's articles of association but the company can remove these provisions by special resolution.

Further, the 2006 Act states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the 2006 Act, are to be treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 8a confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the company's memorandum of association regarding limited liability, the articles to be adopted pursuant to Resolution 8b (the "New Articles") also contain an express statement regarding the limited liability of the shareholders.

2. Change of name

Currently, a company can only change its name by special resolution. Under the 2006 Act a company will be able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the Directors to pass a resolution to change the Company's name.

3. Authorised share capital and unissued shares

The 2006 Act abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the 2006 Act save in respect of employee share schemes.

4. Redeemable shares

At present if a company wishes to issue redeemable shares, it must include in its articles the terms and manner of redemption. The Companies Act 2006 enables Directors to determine such matters instead provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue further redeemable shares but if it did so the directors would need shareholders' authority to issue new shares in the usual way.

5. Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital

Under the law currently in force a company requires specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The current articles of association of the Company (the "Current Articles") include these enabling provisions. Under the 2006 Act a company will only require shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Accordingly the relevant enabling provisions have been removed in the New Articles.

6. Provision for employees on cessation of business

The 2006 Act provides that the powers of the directors of a company to make provision for a person employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary may only be exercised by the directors if they are so authorised by the company's articles or by the company in general meeting. The New Articles provide that the Directors may exercise this power.

7 Use of seals

A company currently requires authority in its articles to have an official seal for use abroad. After 1 October 2009 such authority will no longer be required. Accordingly the relevant authorisation has been removed in the New Articles.

The New Articles provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document it may be signed by one authorised person in the presence of a witness, whereas previously the requirement was for signature by either a Director and the Secretary or two Directors or such other person or persons as the Directors may approve.

8. Suspension of registration of share transfers

The Current Articles permit the Directors to suspend the registration of transfers. Under the 2006 Act share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

9. Vacation of office by Directors

The Current Articles specify the circumstances in which a director must vacate office. The New Articles update these provisions to reflect the approach taken on mental and physical incapacity in the model articles for public companies produced by the Department for Business, Enterprise and Regulatory Reform.

10. Notice of board meetings

Under the Current Articles, when a Director is abroad he can request that notice of Directors' meetings are sent to him at a specified address and if he does not do so he is not entitled to receive notice while he is away. This provision has been removed, as modern communications mean that there may be no particular obstacle to giving notice to a Director who is abroad. It has been replaced with a more general provision that a Director is treated as having waived his entitlement to notice, unless he supplies the Company with the information necessary to ensure that he receives notice of a meeting before it takes place.

11. General

Generally the opportunity has been taken to bring clearer language into the New Articles and in some areas to conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Enterprise and Regulatory Reform.

Notes



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www.gbk.co.uk

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GREEK**

www.therealgreek.com



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