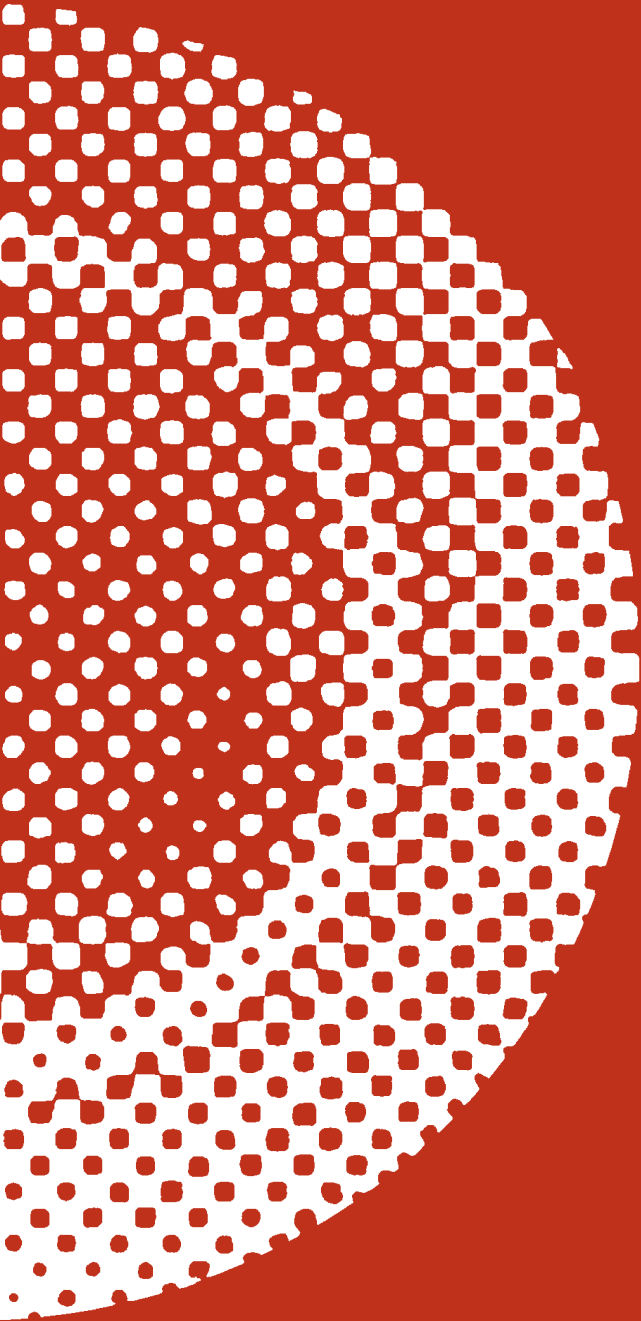


# The Clapham House Group PLC

Report and Financial Statements 2010



# THE CLAPHAM HOUSE GROUP PLC

REPORT AND FINANCIAL STATEMENTS

Year ended 28 March 2010

## Background and Highlights

for the year ended 28 March 2010

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 73 Clapham House restaurant locations across two brands, 58 of which are within the UK and 15 restaurants operating internationally.

### **Gourmet Burger Kitchen ([www.gbk.co.uk](http://www.gbk.co.uk))**

Gourmet Burger Kitchen ("GBK") offers an exciting range of delicious and nutritious burgers (winner of the Retailer's Retailer Best Concept, Harden's London Restaurants "Best Burger", The Observer's "Best Cheap Eats", Time Out "the first and remains our favourite gourmet burger chain). GBK uses high quality ingredients including 100% fully traceable Aberdeen Angus patties and fresh English Chicken. GBK offers a sophisticated range of over 20 burgers from classic beef combinations through to our famous Kiwiburger (beef, beetroot, egg, pineapple, cheese, salad, mayonnaise and relish), chicken, speciality (including buffalo from the world famous biodynamic and organic Laverstoke Park Farm) and a delicious vegetarian range. All our burgers are cooked to order and served in oversized sourdough buns. GBK also offers a smaller range (not just for kids!) and a lighter salad range. GBK operates in 52 stores throughout the UK and 15 internationally.

### **The Real Greek ([www.therealgreek.com](http://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 6 locations, including a landmark restaurant on London's South Bank.

## Background and Highlights

for the year ended 28 March 2010

### Financial highlights for the year:

- Revenue up 4.2% for the year to £44.5m (2009 restated: £42.7m)
- Headline EBITDA\* of £6.0m (2009 restated: £7.3m)
- Profit before taxation increased 50% to £1.5m (2009 restated: £1.0m)
- Basic continuing EPS for the year of 2.1p (2009 restated: 0.8p)
- Net debt as at 28 March 2010 of £10.1m (2009: £13.6m)

All numbers above are shown for continuing operations only.

### Opening programme and current trading:

- Two new GBK restaurants opened in the UK and five new international franchised restaurants in FY10
- One new GBK restaurant opened and a further GBK site under construction in FY11
- Two further GBK sites in legals
- Improving sales trend in Q1 FY11 interrupted by the World Cup in June 2010
- Launch of GBK retail product through Waitrose and Ocado from July 2010

\* Headline EBITDA is defined as profit before taxation and before impairment of property, plant and equipment, impairment of goodwill and intangible assets, onerous lease costs, restructuring costs, share based payments, pre-opening costs, depreciation and amortisation, finance income and finance costs.

# Chairman's Statement

## Results

In the year ended 28 March 2010, the Group's revenue from continuing operations increased 4.2% from £42.7m (restated) to £44.5m. The Group's headline EBITDA for the year was £6.0m (2009 restated: £7.3m). The comparative results for the year ended 29 March 2009 have been restated to strip out the impact of discontinued operations following the restructuring and disposal of Urban Dining Limited and its subsidiary undertakings (together "UD Group") during the year.

Profit before taxation from continuing operations for the year was £1.5m (2009 restated: £1.0m). Pre-opening costs during the year were £0.2m (2009 restated: £0.5m) as a result of fewer openings. Share based payments amounted to £0.5m (2009 restated: £0.5m).

The Group's continuing operations incurred non-trading charges, all of which were non-cash, consisting of £0.1m impairment of property, plant and equipment relating to the head office of the Group, which relocated to smaller premises following the year end.

Earnings per share from continuing operations increased to 2.1p (2009 restated: 0.8p).

## Tootsies

On 12 October 2009, UD Group, which comprised the business and assets of the Tootsies business, was placed into administration with BDO LLP being appointed as administrators. Subsequent to their appointment, the administrators entered into an agreement to sell 11 of the 21 restaurant units operated by Tootsies to Giraffe Concepts for a consideration of £2.5 million before costs. The administrators have subsequently disposed of 4 of the remaining 10 Tootsies/Dexters restaurants. To date £2.6m has been received by the bank from the administrators and applied to reduce the Group's indebtedness. All other parts of Clapham House, namely GBK and TRG, and our overall banking facilities were unaffected by this action.

## Placing

Following the year end, the Company completed a placing of 3.73m ordinary shares of 10p each raising £2.1m (net of expenses) to support our increased opening programme.

## Openings

We opened two new GBK restaurants in the UK during the year. Our international GBK franchisees opened five new restaurants. At the same time we closed one underperforming TRG restaurant. This activity took the total number of Clapham House restaurants to 73 at 28 March 2010 (2009 restated: 67).

Rental rates in the UK are now more realistic than they were prior to the advent of the UK recession. Following our placing of shares in May 2010, we are looking to accelerate GBK openings over the next two years. We will continue to focus on prime locations which we can occupy on reasonable lease terms.

Since the financial year end, we have opened a new GBK restaurant in Nottingham. We have a further GBK restaurant in build and are in legal on two further GBK locations. Planning for our opening programme for the 2012 financial year has already commenced.

## Gourmet Burger Kitchen

Today we have over 50 restaurants throughout the UK and we continue to spread the word about the delights of "the GBK burger".

Our latest UK openings at Nottingham, Clink Street in London and Bluewater have all performed well since opening. Our UK estate is now located across a number of distinct location types (residential, high street, city centre and leisure/shopping malls). Not only has this demonstrated the versatility of the GBK offer but it also provides useful data to plan our immediate future openings and target locations. We remain convinced of the strong and profitable expansion potential for GBK in the UK.

We continue to work hard on controlling our costs. The achievement of supply chain scale efficiencies has ensured that we have been able to continue to invest in and maintain the high quality of GBK food, which remains the backbone of the offer. We have renewed our three year association with the renowned Kiwi chef Peter Gordon who remains GBK's "Chef in Chief".

We have taken the opportunity to develop and refine the GBK brand identity and menu, including the launch of a new website. We have also refurbished seven GBK restaurants as part of a larger programme to be completed over the next 12 months.

New GBK restaurants opened overseas in Istanbul, Athens and Dubai. Further openings are planned in Saudi Arabia later in the year. We now have 15 restaurants in operation under franchise and we plan to expand further GBK's business overseas. No capital from Clapham House is employed in our international business.

### **The Real Greek**

The Real Greek continued to trade satisfactorily during the year.

Post period end we sold the Putney restaurant in June 2010. This enables us to focus on our six remaining TRG restaurants sited in central London, mainly in high footfall and tourist orientated locations. We will look to expand TRG selectively into similar locations over the next few years and are currently negotiating on one such opportunity for the 2012 financial year.

The Real Greek summer menu for 2010 has seen the introduction of a number of new healthy dishes and incorporates nutritional information across the entire menu, including drinks. We believe we are the only UK restaurant brand to offer such comprehensive information to customers. We will continue to offer exciting menu innovation and our autumn menu will include a new selection of dishes in partnership with a highly acclaimed Greek guest chef.

### **Minimum wage and service charge**

We have always paid at least the minimum wage to restaurant staff in all of our businesses and have therefore been unaffected by the changes in regulation during the year in this area.

We do not levy a service charge in any of our restaurants.

### **Costs**

Food cost pressures have eased compared to the previous financial year. However, we continue to focus strongly on cost control bearing in mind factors out of our control such as the continued weakness of Sterling, the increase in VAT in January 2011, the increase in employers' NIC from April 2011 and the introduction of mandatory employer pension contributions from April 2012.

Following a reduction in head office headcount as a result of the administration of the UD Group and the Company's continuing focus on controlling costs, the Clapham House head office was relocated to smaller premises following the year end.

### **Green 500**

We were recently awarded Silver status by the Mayor of London's Green 500 initiative. This scheme reviews each operation and challenges its members to reduce its carbon footprint. Awards are given based on outperforming energy reduction targets, where significant improvements are made in utilising more efficient equipment, working with energy conscious suppliers and incentivising staff to be environmentally aware of their operations. We have rolled out these energy efficiency actions across our UK estate of restaurants.

### **Menu pricing and promotional activity**

The VAT increase in January 2011 will be dealt with through our normal menu price reviews. Given our relatively low spend per head this is not expected to have a material impact on net sales.

In April and May there were signs that voucher discounting, which has been led by the larger groups, was abating. However, June saw a fresh wave of promotional activity across the industry, no doubt partly in response to the combined impact of the World Cup and the warmer weather.

For some time we have been developing our web based customer loyalty clubs and now have over 220,000 customers signed up to these schemes. They enable us to deliver focussed promotions to our most loyal customers.

Beyond pure discounting we continue to promote our brands through a range of creative partnership initiatives, including our involvement with Capital Radio's "Help a London Child" campaign and our recent charitable initiative to support the Whakatane Sanctuary for Kiwi birds in New Zealand.

Our overall strategy is to continue to offer excellent value to customers but to execute this through a carefully constructed marketing plan, where possible avoiding "blanket" voucher discounting.

## Chairman's Statement (continued)

### Launch of GBK retail product

Over recent years there has been an increase in demand in supermarkets for fresh beef burger patties. We are also aware that consumers are eager to recreate restaurant experiences at home and want to be reassured by quality brands.

To date the UK retail burger market currently has had no nationwide fresh restaurant branded product presence. We are delighted to announce the launch of the GBK 100% fresh Aberdeen Angus Pattie. This will go on sale in more than 60 Waitrose stores and Ocado from July 2010.

We believe that this initiative could develop into a potential new profit stream for the GBK brand and also provide us with a route to communicate our brand and values to a much larger audience.

### Funding

During the year, we generated a net cash inflow from continuing operating activities of £4.9m (2009 restated: £6.0m); the reduction is a result predominantly of timing differences on the payment of trade creditors at the year end. During the year, we invested £2.1m (2009 restated: £7.8m) in capital expenditure on new sites and infrastructure.

Net debt at 28 March 2010 has been reduced to £10.1m (2009: £13.6m) as a result of our careful cash management and reduced opening programme. 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.

### Current trading and outlook

We saw generally improving trading trends in April and May this year. However, as expected, the World Cup had a negative impact on sales in June. For the remainder of the financial year we expect trading conditions in the UK to remain challenging and consumer confidence to remain fragile. Nonetheless, we remain committed to the expansion of GBK and expect returns from new store openings to remain attractive.

**David Page**  
Chairman

20 July 2010

## 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 a non-executive director of VICTory 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.

### **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 25 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 Arbutnot 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 Limited.

### **Timothy Woodcock ACA**

*Non-executive Director*

Tim qualified as a Chartered Accountant with Coopers & Lybrand. He has worked in the private equity industry for over 10 years and is currently a Partner at Oakfield Capital Partners. Previously he worked with the Sun Capital team during which time he was involved with Punch Taverns where he was responsible for the disposal of First Quench Ltd, the Threshers and Victoria Wine off-licence chain. Tim is also a director of Capital Management and Investment PLC and Jolly Fine Restaurants Ltd.

# 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 28 March 2010.

## 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 28 March 2010 are set out in the consolidated statement of comprehensive income on page 20.

Group turnover in the year increased by 4.2% to £44,484,000 (2009 restated: £42,690,000). The Group reported a full year loss after taxation amounting to £1,311,000 (2009: loss £26,840,000) after recognising losses from discontinued operations of £2,336,000 (2009 restated £27,125,000).

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 18 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 29 March 2009:

DM Page  
PA Campbell  
NCW Wong  
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 28 March 2010		As at 29 March 2009	
	Ordinary shares of 10p each	%	Ordinary shares of 10p each	%
DM Page	1,094,158	2.9%	1,094,158	2.9%
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%

On 5 May 2010, the following Directors participated in the placing of 3.73 million ordinary shares of the Company described on page 52:

Director	As at 16 July 2010		
	Ordinary shares of 10p each acquired	Ordinary shares of 10p each	%
DM Page	98,333	1,192,491	2.9%
PA Campbell	83,333	340,186	0.8%
NCW Wong	26,000	44,800	0.1%
D Sykes	-	21,000	0.1%
NJ Donaldson	33,333	160,480	0.4%
T Woodcock	25,000	40,916	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' Report (continued)

### 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.

### Substantial shareholders

The Directors' interests in the shares of the Company have been disclosed above. On 16 July 2010, the Company had been notified of the following interests in the ordinary share capital of the Company:

	As at 16 July 2010	
	Ordinary shares of 10p each	%
Capricorn Ventures International Limited	11,096,147	27.03%
Wolvercote Investments Limited	3,523,350	8.58%
Justin Kennedy	2,905,316	7.08%
Henderson Global Investors Limited	1,921,708	4.68%
Schroders plc	1,828,000	4.45%
AXA S.A.	1,781,666	4.34%
Fidelity International Limited	1,776,050	4.33%
British Airways Pensions Trustees Limited	1,263,400	3.08%

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 (2009: £nil). The Group made charitable donations of £1,000 (2009: £10,000). Charitable events are also organised by restaurants for organisations in their localities.

### 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 28 March 2010, the Group had an average of 32 days (2009: 34 days) purchases outstanding in trade payables.

**Post balance sheet event**

Following the year end, the Company completed a placing of 3,730,000 ordinary shares of 10p each raising £2,238,000 (before expenses).

**Annual general meeting**

On pages 64 to 66 is a notice convening the annual general meeting of the Company for 6 September 2010 and the notice sets out the resolutions to be proposed at that meeting. The Board believes that the proposed resolutions to be put to the annual general meeting to be held on 6 September 2010 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**

Given the risk analysis above and after reviewing the Group's budget for the next financial year, other longer term plans and financial resources including undrawn but available facilities described in note 18 on pages 42 to 45, the Board is satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements.

**Auditors**

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

By order of the Board

**Nicholas Wong ACA**  
Company Secretary

20 July 2010

# 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 28 March 2010, 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 6 September 2010. The notice of the Annual General Meeting may be found on pages 64 to 66.

### 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 Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. The directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law 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 2006 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.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

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 accounting estimates that are reasonable and prudent;
- c. for the group financial statements, state whether they have been prepared in accordance with IFRSs 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.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Statement on Corporate Governance (continued)

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on The Clapham House Group PLC 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.

On behalf of the Board

**David Page**  
Chairman

20 July 2010

# 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. 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. 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. 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. 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.

For the second year running. The Directors have elected to waive any increase in their basic remuneration.

## 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 22 on pages 47 to 50.

## Report on Directors' Remuneration (continued)

### Directors' Remuneration

	Salary or fees		Bonus		Benefits		Total 2009 £'000	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000		
<i>Executive Directors</i>								
DM Page	168	168	-	-	4	2	172	170
PA Campbell	187	187	-	-	2	1	189	188
NCW Wong	101	101	15	50	-	-	116	151
D Sykes	132	132	-	84	2	1	134	217
<i>Non-executive Directors</i>								
NJ Donaldson	27	27	-	-	-	-	27	27
T Woodcock	25	25	-	-	-	-	25	25
	640	640	15	134	8	4	663	778

No pension contributions were payable to any of the Directors during the year.

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 28 March 2010 were as follows:

	Options outstanding 29 March 2009	Options granted/ (exercised) during year	Options outstanding 28 March 2010	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 29 March 2009	Options granted/ (exercised) during year	Options outstanding 28 March 2010	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 28 March 2010, the market price of ordinary shares in the Company ranged from £0.51 to £0.87 (2009: £0.52 to £1.80). The share price as at 28 March 2010 was £0.63 (2009: £0.66).

The interests of the Directors under the Company's 2007 Long Term Incentive Plan ("LTIP") as at 28 March 2010 were as follows:

	LTIP units outstanding 29 March 2009	Options granted/ (forfeited) during year	LTIP units outstanding 29 March 2009	Exercise Price £	Exercisable Date	Expiry Date
DM Page	259,890	-	259,890	0.10	9/2011	9/2018
	-	343,358	343,358	0.10	10/2012	10/2019
PA Campbell	289,282	-	289,282	0.10	9/2011	9/2018
	-	382,190	382,190	0.10	10/2012	10/2019
NCW Wong	66,674	-	66,674	0.10	12/2010	12/2017
	155,934	-	155,934	0.10	9/2011	9/2018
	-	206,015	206,015	0.10	10/2012	10/2019
D Sykes	66,674	-	66,674	0.10	12/2010	12/2017
	204,199	-	204,199	0.10	9/2011	9/2018
	-	269,781	269,781	0.10	10/2012	10/2019
NJ Donaldson	-	-	-	-	-	-
T Woodcock	-	-	-	-	-	-

The conditions subject to which allocations of units vest under this plan are described in note 22 on pages 47 to 50.

The total share based payments charge in relation to the Directors' interest in share options and LTIPs recognised in the year was £194,000 (2009: £340,000).

Details of the Directors' shareholdings are given in the Directors' Report on page 8 and 11.

**Approval**

This report was approved by the Board of Directors on 20 July 2010 and signed on its behalf by:

**NJ Donaldson**

Chairman of the Remuneration Committee

20 July 2010

# Independent Auditor's Report

to the Members of The Clapham House Group PLC

We have audited the group and parent company financial statements ("the financial statements") on pages 20 to 62. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As more fully explained in the Directors' Responsibilities Statement set out on pages 13 to 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP)

## 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 on the financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 28 March 2010 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**MARK HARWOOD (Senior Statutory Auditor)**

For and on behalf of BAKER TILLY UK AUDIT LLP,  
Statutory Auditor  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

20 July 2010

# Consolidated Statement of Comprehensive Income

for the year ended 28 March 2010

	Notes	Year ended 28 March 2010 £'000	Year ended 29 March 2009 Restated £'000
<b>Revenue from continuing operations</b>	1	44,484	42,690
Cost of sales		(24,747)	(24,038)
<b>Gross profit</b>		19,737	18,652
Administrative expenses		(16,650)	(14,036)
<b>Headline operating profit</b>		3,087	4,616
Share based payments		(456)	(514)
Pre-opening costs	2	(224)	(534)
<b>Operating profit</b>	3	2,407	3,568
Impairment of property, plant and equipment	11	(70)	(1,346)
Onerous lease costs		-	(375)
Finance income	4	8	136
Finance costs	5	(663)	(1,031)
Fair value loss on financial instruments	5	(209)	-
<b>Profit before taxation</b>		1,473	952
Income tax expense	7	(700)	(667)
<b>Profit from continuing operations</b>		773	285
Loss from discontinued operations	28	(2,084)	(27,125)
<b>Loss for the year attributable to equity shareholders of the parent</b>		(1,311)	(26,840)
<b>Earnings per share – continuing operations</b>			
Basic	8	2.1p	0.8p
Diluted	8	2.1p	0.8p
<b>Loss per share – continuing and discontinued operations</b>			
Basic	8	(3.5p)	(71.9p)
Diluted	8	(3.5p)	(71.9p)

There were no other comprehensive income items.

# Consolidated Balance Sheet

28 March 2010

	Notes	2010 £'000	2009 £'000
<b>Non-current assets</b>			
Goodwill and intangible assets	9	10,996	11,078
Property, plant and equipment	10	32,797	39,331
Trade and other receivables	15	353	505
Investments	12	63	63
		44,209	50,977
<b>Current assets</b>			
Inventories	14	973	1,347
Trade and other receivables	15	2,896	5,191
Cash and cash equivalents	16	360	949
		4,229	7,487
<b>Total assets</b>		48,438	58,464
<b>Current liabilities</b>			
Trade and other payables	17	(9,247)	(14,170)
Current taxation liabilities		(274)	(622)
Borrowings	18	(1,230)	(541)
Provisions	20	(37)	(152)
		(10,788)	(15,485)
<b>Net current liabilities</b>		(6,559)	(7,998)
<b>Non-current liabilities</b>			
Borrowings	18	(9,250)	(14,000)
Deferred taxation liabilities	19	(774)	(335)
Provisions	20	(142)	(534)
Derivatives and financial instruments		(229)	-
		(10,395)	(14,869)
<b>Total liabilities</b>		(21,183)	(30,354)
<b>Net assets</b>		27,255	28,110
<b>Equity</b>			
Called up share capital	21	3,732	3,732
Share premium		49,596	49,596
Retained earnings		(26,073)	(25,218)
<b>Total equity attributable to equity shareholders of the parent</b>		27,255	28,110

The financial statements on pages 20 to 62 were approved by the board of Directors and authorised for issue on 20 July 2010 and are signed on its behalf by:

**David Page**  
Chairman

Company registration number: 4918500

# Consolidated Statement of Change in Equity

for the year ended 28 March 2010

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total equity £'000
<b>Attributable to equity holders of the parent</b>				
At 30 March 2008	3,732	49,596	1,023	54,351
Loss for the year	-	-	(26,840)	(26,840)
Total comprehensive income for the year (restated)	-	-	(26,841)	(26,841)
Transactions with owners				
Deferred taxation on share options	-	-	(1)	(1)
Share based payments	-	-	600	600
Total transactions with owners	-	-	599	599
At 29 March 2009	3,732	49,596	(25,218)	28,110
Loss for the year	-	-	(1,311)	(1,311)
Total comprehensive income for the year	-	-	(1,311)	(1,311)
Transactions with owners				
Share based payments	-	-	456	456
Total transactions with owners	-	-	456	456
At 28 March 2010	3,732	49,596	(26,073)	27,255

# Consolidated Cash Flow Statement

for the year ended 28 March 2010

	Notes	Year ended 28 March 2010 £'000	Year ended 29 March 2009 Restated £'000
<b>Net cash flow from operating activities</b>	23	4,541	7,409
<b>Investing activities</b>			
Acquisition of property, plant and equipment and intangible assets – continuing operations		(2,070)	(7,805)
Acquisition of property, plant and equipment and intangible assets – discontinued operations		(68)	(427)
Proceeds on disposal of property, plant and equipment		-	495
Disposal of subsidiary – BBC	28	-	3,595
Cash inflow arising on Administration of UD Group	28	1,724	-
Interest received – continuing operations		7	136
Interest received – discontinued operations		1	5
<b>Net cash flow used in investing activities</b>		<b>(406)</b>	<b>(4,001)</b>
<b>Financing activities</b>			
Repayment of borrowings		(4,750)	(4,000)
Interest paid – continuing operations		(662)	(1,031)
Interest paid – discontinued operations		(1)	(10)
<b>Net cash flow used in financing activities</b>		<b>(5,413)</b>	<b>(5,041)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,278)</b>	<b>(1,633)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	16	408	2,041
<b>Cash and cash equivalents at the end of the year</b>	16	<b>(870)</b>	408

# 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.

## Basis of Preparation

The financial statements have been prepared under the historical cost convention and, as required by EU Law, the Group's Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS").

The comparative results for the year ended 29 March 2009 have been restated to show the impact of discontinued operations.

The Company has taken advantage of the exemption provided under Section 408 of the Companies Act 2006 not to publish its individual profit and loss account.

The consolidated financial statements for the year ended 28 March 2010 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.

During the year the following standards have now been adopted in these financial statements:

- IFRS 7 Financial Instruments – Disclosures (revised) – effective 1 January 2009. The change in accounting policy only results in additional disclosure.
- IAS 1 Presentation of Financial Statements - (as revised in 2007) – effective 1 January 2009, IAS 1 (2007) has introduced terminology changes (including revised titles for the financial statements and changes in the format and content of the financial statements).
- IFRS 8 Effective 1 January 2009 states that segment information should be based on management's internal reporting structure and accounting principles.

At the date of authorisation of these financial statements, the following Standards and Interpretations relevant to the Group operations that have been applied in these financial statements were in issue but not yet effective or endorsed (unless otherwise stated)

- IFRS 1 (amended)/IAS 27 amended Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate
- IFRS 2 (amended) Share Based Payments – Amendment; Cash-settled Share-based payment transactions
- IFRS 3 (revised 2008) Business Combinations – Comprehensive revision on applying the acquisition method (endorsed)
- IFRS 9 Financial Instruments
- IAS 24 (revised 2009) Related Party Disclosures
- IAS 27 (revised 2008) Consolidated and separate Financial Statements –Consequential amendments arising from amendments from IFRS 3 (endorsed)
- IAS 28 (revised 2008) Investments in Associates – Consequential amendments arising from amendments to IFRS 3 (endorsed)
- IAS 32 (amended) Classification of rights issues
- IAS 39 Financial Instruments: Recognition and Measurement – Amendments relating to eligible hedged items. (endorsed)
- IFRIC 14 (amended) Prepayments of a Minimum Funding requirement.
- IFRIC 17 Distribution of Non-Cash Assets to Owners (endorsed)
- IFRIC 18 Transfer of Assets from customers (endorsed)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments: Annual Improvement Project May 2008 (endorsed): Annual Improvement Project April 2009 (endorsed).

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

### Going Concern

The consolidated financial statements have been prepared on a going concern basis. Given the risk analysis set out in the Directors' Report on pages 8 to 11 and after reviewing the Group's budget for the next financial year, other longer term plans and financial resources including undrawn but available facilities described in note 18 on pages 42 to 45, the Board is satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

### 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 in 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 22. 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 28 March 2010

## 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 Brand – The Real Greek.

For the year ended 28 March 2010	Gourmet Burger Kitchen £'000	Development Brands £'000	Unallocated £'000	Group £'000
<b>Revenue</b>	38,048	6,436	-	44,484
<b>Headline EBITDA</b>	6,902	709	(1,655)	5,956
Depreciation and amortisation	(2,402)	(348)	(119)	(2,869)
Headline operating profit/(loss)	4,500	361	(1,774)	3,087
Operating profit/(loss)	4,067	308	(1,968)	2,407
Impairment of property, plant and equipment	-	-	(70)	(70)
Segment result	4,067	308	(2,038)	2,337
Finance income	-	-	8	8
Finance costs	-	-	(663)	(663)
Fair value loss on financial instruments	-	-	(209)	(209)
<b>Profit/(loss) before taxation</b>	4,067	308	(2,902)	1,473
Income tax expense				(700)
<b>Profit for the year from continuing operations</b>				773
Loss for the year from discontinued operations (see note 28)				(2,084)
<b>Loss for the year</b>				(1,311)
Assets	42,057	5,548	833	48,438
Liabilities	(7,466)	(1,916)	(11,801)	(21,183)
<b>Net assets</b>	34,591	3,632	(10,968)	27,255

Loss for the year from discontinued operations relates to a business that was previously recognised as development brands.

## Notes to the Consolidated Financial Statements (continued)

### 1. Business Segments (continued)

For the year ended 29 March 2009 Restated	Gourmet Burger Kitchen £'000	Development Brands £'000	Unallocated £'000	Group £'000
<b>Revenue</b>	37,297	5,393	-	42,690
<b>Headline EBITDA</b>	7,906	597	(1,247)	7,256
Depreciation and amortisation	(2,156)	(351)	(133)	(2,640)
Headline operating profit/(loss)	5,750	246	(1,380)	4,616
Operating profit/(loss)	5,081	90	(1,603)	3,568
Impairment of property, plant and equipment	(590)	(756)	-	(1,346)
Onerous lease costs	-	(375)	-	(375)
Segment result	4,491	(1,041)	(1,603)	1,847
Finance income			136	136
Finance costs			(1,031)	(1,031)
<b>Profit/(loss) before taxation</b>	4,491	(1,041)	(2,498)	952
Income tax expense				(667)
<b>Profit for the year from continuing operations</b>				285
Loss for the year from discontinued operations (see note 28)				(27,125)
<b>Loss for the year</b>				(26,840)
Assets	43,753	13,634	1,077	58,464
Liabilities	(7,722)	(6,043)	(16,589)	(30,354)
<b>Net assets</b>	36,031	7,591	(15,512)	28,110

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 £224,000 (2009 restated: £534,000) 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 28 March 2010 £'000	Year ended 29 March 2009 Restated £'000
Operating profit is stated after charging/(crediting):		
Depreciation of owned property, plant and equipment	2,843	2,636
Amortisation of owned intangible assets	26	4
Loss on disposal of property, plant and equipment	12	53
Operating lease rentals:		
Land and buildings	4,734	4,318
Other	4	4
Inventories – amounts charged as an expense	10,646	10,462
Foreign exchange gains	-	(3)
Share based payments	456	514
Pre-opening costs	224	534

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

	Year ended 28 March 2010 £'000	Year ended 29 March 2009 £'000
Audit services		
- Statutory audit of parent and consolidated accounts	32	33
- Audit of subsidiaries pursuant to legislation	28	55
Other services		
- Interim results – agreed upon procedures	7	7
- Turnover certificates	1	-
Other services relating to taxation		
- Compliance services	25	25
- Advisory services	2	13
- Share option scheme advice	1	-
Corporate finance transaction services		
- Rationalisation of subsidiary undertaking	7	56
	103	189

**4. Finance Income**

	Year ended 28 March 2010 £'000	Year ended 29 March 2009 Restated £'000
Interest on bank deposits	8	136

## Notes to the Consolidated Financial Statements (continued)

### 5. Finance Costs

	Year ended 28 March 2010 £'000	Year ended 29 March 2009 Restated £'000
Interest payable on bank loans and overdrafts	663	1,031
Fair value loss on financial instruments: interest rate swap	209	-
	872	1,031

### 6. Employees

	Year ended 28 March 2010 No.	Year ended 29 March 2009 Restated No.
The average monthly number of persons (including Directors) employed by the Group during the year was:		
Administration and management	52	54
Restaurants and distribution	1,600	1,705
	1,652	1,759

#### By segment:

Gourmet Burger Kitchen	905	914
Development brands	146	125
Head office	25	26
Discontinuing operations	576	694
	1,652	1,759

	Year ended 28 March 2010 £'000	Year ended 29 March 2009 Restated £'000
Staff costs for above persons – continuing operations:		
Wages and salaries	14,162	13,706
Social security costs	1,139	972
Share based payments	456	514
	15,757	15,192
Staff costs for above persons – discontinued operations:		
Wages and salaries	2,988	6,108
Social security costs	191	414
Share based payments	-	86
	3,179	6,608
	18,936	21,800

### 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 28 March 2010 £'000	Year ended 29 March 2009 £'000
Salaries and other short term employee benefits	763	678
Share based payments	194	340
	957	1,018

No directors made aggregate gross pre-tax gain on the exercise of share options in the years ended 28 March 2010 or 29 March 2009 and no directors received any pension benefits.

The salaries and other short term employee benefits shown above for the year ended 28 March 2010 included discretionary bonuses relating to the year ended 29 March 2009 of £100,000 which were approved and paid during the year. Therefore these were not accrued as at 29 March 2009 in line with IFRS accounting policy.

	Year ended 28 March 2010 £'000	Year ended 29 March 2009 £'000
Highest paid director:		
Aggregate emoluments	189	217
	189	217

The highest paid director exercised no share options during the year (2009: Nil).

### 7. Income Tax Expense

	Year ended 28 March 2010 £'000	Year ended 29 March 2009 Restated £'000
Based on the result for the year:		
UK corporation tax at 28% (2009: 28%)	526	623
Adjustment in respect of prior years	-	(1)
Total current tax	526	622
Deferred taxation		
Origination and reversal of temporary timing differences	294	248
Adjustment in respect of prior periods	(120)	(203)
Total deferred tax	174	45
Total tax expense in the income statement	700	667

## Notes to the Consolidated Financial Statements (continued)

### 7. Income Tax Expense (continued)

Factors affecting tax charge for year:

	Year ended 28 March 2010 £'000	Year ended 29 March 2009 Restated £'000
Profit before taxation	1,473	952
Taxation at UK corporation tax rate of 28% (2009: 28%)	412	267
Tax effect of ineligible depreciation and expenses not deductible for tax purposes	292	358
Tax effect of unrecognised temporary differences	-	(8)
Tax effect of impairment of ineligible property, plant and equipment	13	272
Other tax adjustments	(25)	(159)
Share based payments not recognised in deferred taxation	128	144
Benefit of small company rate	-	(3)
Adjustment of deferred tax charge in respect of previous years	(120)	(203)
Adjustment of tax charge in respect of previous years	-	(1)
<b>Total income tax expense in the income statement</b>	<b>700</b>	<b>667</b>

### 8. Earnings/(Loss) Per Share

	Year ended 28 March 2010 £'000	Year ended 29 March 2009 Restated £'000
Earnings/(loss) for the purposes of basic and diluted earnings per share:		
Continuing operations	773	285
Discontinued operations	(2,084)	(27,125)
<b>Loss for the period</b>	<b>(1,311)</b>	<b>(26,840)</b>
Adjustments – continuing operations		
Impairment of property, plant and equipment	70	1,346
Onerous lease costs	-	375
Share based payments	456	514
Pre-opening costs	224	534
Taxation benefits on pre-opening costs	(63)	(157)
	687	2,612
Adjustments – discontinued operations		
Impairment of property, plant and equipment	3,189	2,888
Impairment of goodwill	-	24,218
Onerous Lease	-	311
Restructuring costs	-	12
Share based payments	-	86
	3,189	27,515
Headline earnings of the period of the purposes of headline basic and diluted earnings per share:		
Continuing operations	1,460	2,897
Discontinued operations	1,105	390
<b>Headline earnings for period</b>	<b>2,565</b>	<b>3,287</b>

	Year ended 28 March 2010 No. '000	Year ended 29 March 2009 Restated No. '000
Weighted average number of ordinary shares in issue for the purposes of basic earnings per share	37,322	37,322
Effect of dilutive potential ordinary shares:		
- Share options	-	-
Weighted average number of shares for the purposes of diluted earnings per share	37,322	37,322
There were no dilutive potential ordinary shares as all share options were underwater therefore non-dilutive.		

	Year ended 28 March 2010	Year ended 29 March 2009 Restated
Earnings per share:		
- continuing operations		
Basic	2.1p	0.8p
Diluted	2.1p	0.8p
Headline Basic	3.9p	7.8p
Headline Diluted	3.9p	7.8p
(Loss)/earnings per share:		
- discontinued operations		
Basic	(5.6p)	(72.7p)
Diluted	(5.6p)	(72.7p)
Headline Basic	3.0p	1.0p
Headline Diluted	3.0p	1.0p
(Loss)/earnings per share:		
- continuing and discontinued operations		
Basic	(3.5p)	(71.9p)
Diluted	(3.5p)	(71.9p)
Headline Basic	6.9p	8.8p
Headline Diluted	6.9p	8.8p

## Notes to the Consolidated Financial Statements (continued)

### 9. Goodwill and Intangible Assets

	Computer software £'000	Trademarks and licenses £'000	Brand £'000	Goodwill £'000	Total £'000
<b>Cost</b>					
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
Additions	1	18	-	-	19
Reclassification	48	-	-	-	48
Disposals	(50)	(8)	(647)	(25,565)	(26,270)
28 March 2010	292	138	-	10,727	11,157
<b>Amortisation</b>					
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
Charged in the year	59	6	-	-	65
Reclassification	38	-	-	-	38
Impairment	-	3	-	-	3
Disposal	(12)	(3)	(647)	(25,565)	(26,227)
28 March 2010	143	18	-	-	161
<b>Net book value</b>					
28 March 2010	149	120	-	10,727	10,996
29 March 2009	235	116	-	10,727	11,078

Goodwill relates to the anticipated profitability and future operating synergies arising on acquisition of subsidiaries and can be broken down as follows:

	2010 £'000	2009 £'000
Gourmet Burger Kitchen	9,600	9,600
The Real Greek	1,127	1,127
	10,727	10,727

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 11. The review performed at the year end of the year ended 29 March 2009 identified an impairment of the carrying value of goodwill and brand associated with Tootsies and Dexters of £24,218,000. Any reasonable changes in key assumptions would not result in an increased impairment charge.

## 10. 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
<b>Cost</b>						
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
Additions	1,406	19	505	176	12	2,118
Reclassification	51	(53)	(48)	2	-	(48)
Disposals	(9,465)	(73)	(483)	(1,884)	-	(11,905)
28 March 2010	35,075	331	4,953	2,098	80	42,537
<b>Accumulated depreciation</b>						
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
Charge in the year	1,933	-	895	304	9	3,141
Reclassification	-	-	(38)	-	-	(38)
Impairment	2,407	-	186	663	-	3,256
Disposals	(7,299)	-	(498)	(1,863)	-	(9,660)
28 March 2010	6,187	-	2,893	598	62	9,740
<b>Net book value</b>						
28 March 2010	28,888	331	2,060	1,500	18	32,797
29 March 2009	33,937	438	2,631	2,310	15	39,331

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

## Notes to the Consolidated Financial Statements (continued)

### 11. 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 and which have carrying amounts of goodwill that are considered significant in comparison with the Group's total goodwill balance: The Real Greek and Gourmet Burger Kitchen.

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	0.0% in years 1 to 20 being the generally accepted restaurant sector growth rate
Discount rate	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 £3,000 (2009: £24,218,000) recognised in the discontinued operations 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 £70,000 (2009: £1,346,000) recognised in the income statement in respect of property, plant and equipment relate to the head office of The Clapham House Group PLC. A further £3,186,000 (2009: £2,888,000) impairment losses have been recognised in discontinued operations in respect of property, plant and equipment within UD Group.

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
Discount rate	Estimated at 8.0%

### 12. Investments

	Unlisted £'000
Cost and net book value	
29 March 2009 and 28 March 2010	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.

### 13. Principal Subsidiary Undertakings

As at 28 March 2010, 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
The Real Greek Food Company Limited	Ordinary	100%	Operation of restaurants
<i>Incorporated in Ireland</i>			
Gourmet Burger Kitchen (Ireland) Limited*	Ordinary	100%	Dormant

\* Held by subsidiary undertakings

### 14. Inventory

	2010 £'000	2009 £'000
Raw materials and consumables	973	1,347

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

### 15. Trade and Other Receivables

	2010 £'000	2009 £'000
Included within non-current assets:		
Other receivables	353	505
	353	505
Included within current assets:		
Trade receivables	879	2,003
Other receivables	5	-
Prepayments and accrued income	2,012	3,188
	2,896	5,191

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 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.

## Notes to the Consolidated Financial Statements (continued)

### 16. Cash and Cash Equivalents

	2010 £'000	2009 £'000
Cash at bank and in hand	360	656
Short term money market deposits	-	293
Cash and cash equivalents as presented in the balance sheet	360	949
Bank overdrafts	(1,230)	(541)
	(870)	408

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.

### 17. Trade and Other Payables

	2010 £'000	2009 £'000
Included in current liabilities:		
Trade payables	4,029	7,231
Other taxation and social security payable	1,413	2,444
Other payables	381	21
Accruals and deferred income	3,424	4,474
	9,247	14,170

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 32 days (2009: 34 days).

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

### 18. Borrowings

	2010 £'000	2009 £'000
Short term borrowings:		
Bank overdraft	1,230	541
Long term borrowings:		
Bank loans	9,250	14,000
	10,480	14,541

As at 28 March 2010, the Group's committed Sterling borrowing facilities comprises a bank loan facility of £19,000,000 (2009: £19,000,000) expiring between two and five years and a bank overdraft facility of £2,500,000 (2009: £2,500,000) 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% (2009: 1.95%) above three months LIBOR. During the year, the Group purchased an interest rate swap from the bank for £Nil premium to fix the interest rate for £8,000,000 of the loan at 2.67% (before margin) until June 2012. 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. The interest rate applicable on the overdraft facility is 2.25% (2009: 2.25%) above Barclays Bank PLC base rate. The Group also has one Sterling overdraft facility amounting to £150,000 from HSBC Bank PLC with interest rate applicable on the facility of 2.5% (2009: 2.5%) 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 28 March 2010 of 1.73 (2009: 1.68);
- Consolidated Headline EBITDA before property rental costs to Consolidated Gross Financing Costs plus property rental costs as at 28 March 2010 of 1.94 (2009: 1.95).

*Financial Assets and Liabilities*

The Group had the following financial assets and liabilities:

	28 March 2010			29 March 2009		
	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>	353	-	353	505	-	505
<i>Current financial assets</i>						
Cash at bank and in hand	360	-	360	656	-	656
Short term money market deposits	-	-	-	293	-	293
Trade receivables**	879	-	879	2,003	-	2,003
Other receivables**	-	-	-	-	-	-
<i>Current financial liabilities</i>						
Bank overdrafts	-	(1,230)	(1,230)	-	(541)	(541)
Trade and other payables*	-	(7,397)	(7,397)	-	(11,726)	(11,726)
<i>Non-current financial liabilities</i>						
Bank loans	-	(9,250)	(9,250)	-	(14,000)	(14,000)
Derivatives and financial instruments	-	(229)	(229)	-	-	-
	1,592	(18,106)	(16,514)	3,457	(26,267)	(22,810)

\* excludes other taxation and social security and deferred income included in trade and other payables in note 17.

\*\* excludes prepayments and accrued income included in trade and other receivables in note 15.

## Notes to the Consolidated Financial Statements (continued)

### 18. Borrowings (continued)

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 28 March 2010				
	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	360	-	-	360
Short term money market deposits	-	-	-	-
Trade receivables	879	-	-	879
Other receivables	-	-	353	353
Bank overdrafts	(1,230)	-	-	(1,230)
Bank loans	(247)	(9,559)	-	(9,806)
Trade and other payables	(7,397)	-	-	(7,397)
	(7,635)	(9,559)	353	(16,841)

For the year ended 29 March 2009				
	Less than 1 year £'000	Between 1 and 5 years £'000	More than 5 years £'000	Total 2008 £'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)

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

#### Liquidity Risks

As at 28 March 2010, the Group had £9,750,000 (2009: £5,000,000) un-drawn committed long term bank borrowing facilities and £1,420,000 (2009: £2,109,000) 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:

	28 March 2010			29 March 2009		
	Floating Rate £'000	Fixed Rate £'000	Total £'000	Floating Rate £'000	Fixed Rate £'000	Total £'000
Cash at bank and in hand	360	-	360	656	-	656
Short term money market deposits	-	-	-	293	-	293
Bank overdrafts	(1,230)	-	(1,230)	(541)	-	(541)
Bank loans	(1,250)	(8,000)	(9,250)	(550)	(13,450)	(14,000)
	(2,120)	(8,000)	(10,120)	(142)	(13,450)	(13,592)

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 28 March 2010, 86% (2009: 96%) of the Group's long term borrowings were fixed at weighted average rate of 2.67% (2009: 4.78%) plus mandatory costs and margin for the period to the end of the current loan term. The fixing is by way of one interest rate swap (2009: two interest rate swaps). 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 5.00% (2009: 6.63%) and the weighted average interest rates paid during the year for bank overdrafts were 3.00% (2009: 5.30%)

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

	2010 £'000	2009 £'000
Impact on equity and profit after tax		
1% increase in rate of interest	(18)	(5)
1% decrease in rate of interest	18	5

### Foreign Exchange Risks

During the year ended 28 March 2010, 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:

	2010 £'000	2009 £'000
Cash at bank and in hand	360	656
Short term money market deposits	-	293
Trade receivables and other receivables	1,237	2,508
	1,597	3,457

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 1.8% (2009: 4.71%) and the average amount of time for which interest rates are fixed on short-term deposits were 1 day (2009: 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 28 March 2010 and 29 March 2009 did not materially vary from the carrying value amounts.

## Notes to the Consolidated Financial Statements (continued)

### 19. Deferred Taxation

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

	2010 £'000	2009 £'000
29 March 2009	335	289
Transfer to income statement (continuing operations)	174	45
Transfer to income statement (discontinuing operations)	265	-
Transfer to retained earnings	-	1
28 March 2010	774	335

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

	2010 £'000	2009 £'000
Deferred tax assets		
Unutilised losses	134	62
Share options	-	-
Other timing differences	94	99
	228	161
Deferred tax liabilities		
Accelerated capital allowances	(1,002)	(496)
Deferred taxation provision	(774)	(335)

There are losses of £477,000 (2009: losses of £3,369,000) which, subject to agreement with HM Revenue & Customs, are available to offset against future profits. A deferred taxation asset in respect of these losses of £Nil (2009: losses of £943,000) has not been recognised in the financial statements. Although the directors were confident that the company would achieve future profitability in line with current expectations, the timing of such profits was uncertain and therefore the directors did not recognise the entire deferred tax asset at the previous balance sheet date.

### 20. Provisions

	2010 £'000	2009 £'000
Provision for onerous leases		
29 March 2009	686	-
Provisions made	-	686
Provisions utilised	(507)	-
28 March 2010	179	686

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

	2010 £'000	2009 £'000
Current liabilities	37	152
Non-current liabilities	142	534
	179	686

**21. Share Capital**

	2010 £'000	2009 £'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.

**22. 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:
  - Enterprise 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 28 March 2010 or 29 March 2009.

*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.

Outstanding share options to acquire ordinary shares of 10 pence each as at 28 March 2010 and 29 March 2009 are as follows:

	2010 '000	2009 '000
29 March 2009	3,695	4,141
Granted during the year	-	-
Forfeited during the year	(119)	(446)
Exercised during the year	-	-
28 March 2010	<u>3,576</u>	<u>3,695</u>

## Notes to the Consolidated Financial Statements (continued)

### 22. Share Based Payments (continued)

Weighted average exercise price

	2010 £	2009 £
29 March 2009	1.85	1.95
Granted during the year	-	-
Forfeited during the year	2.26	2.77
Exercised during the year	-	-
28 March 2010	1.83	1.85

Outstanding and exercisable share options to acquire ordinary shares of 10 pence each as at 28 March 2010 are as follows:

For the year ended 28 March 2010

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	43	200	1.00	43
£1.01 - £2.00	286	1.53	60	286	1.53	60
	486	1.31	53	486	1.31	53
<i>Unapproved</i>						
£1.01 - £2.00	2,480	1.77	68	2,480	1.77	68
£2.01 - £3.00	441	2.34	77	328	2.11	75
£3.01 - £4.00	33	3.59	88	-	-	-
	2,954	1.88	69	2,808	1.81	68
<i>CSOP</i>						
£2.01 - £3.00	109	2.51	81	62	2.14	78
£3.01 - £4.00	27	3.61	88	-	-	-
	136	2.72	82	62	2.14	78

## 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	-	-	-

During the year ended 28 March 2010, the market price of ordinary shares in the Company ranged from £0.51 to £0.87 (2009: £0.52 to £1.80). The share price as at 28 March 2010 was £0.63 (2009: £0.66).

The fair value of the options is estimated at the date of grant using a Black-Scholes valuation model.

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.

No options were granted during the year ended 28 March 2010. The weighted average fair value of options granted during the year ended 29 March 2009 was £Nil. During 2010 the Group recognised total share-based payment expenses for the Group's Share Option Plans of £289,000 (2009: £428,000) of which all related to equity-settled share-based payment transactions.

*2007 Long Term Incentive Plan*

The Group's LTIP provide for a target price equal to the average quoted market price of the Group shares on the date of grant with an exercise price of 10 pence each. 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.

Outstanding LTIP units to acquire ordinary shares of 10 pence each as at 28 March 2010 and 29 March 2009 are as follows:

	2010 '000	2009 '000
29 March 2009	1,900	531
Granted during the year	1,831	1,440
Forfeited during the year	(176)	(71)
28 March 2010	3,555	1,900

## Notes to the Consolidated Financial Statements (continued)

### 22. Share Based Payments (continued)

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 28 March 2010

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
<i>LTIP</i>				
£2.874 - £3.691	410	92	-	-
£1.376 - £1.768	1,333	101	-	-
£1.042 - £1.338	1,812	113	-	-
	3,555	106	-	-

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
<i>LTIP</i>				
£2.874 - £3.691	474	104	-	-
£1.376 - £1.768	1,426	113	-	-
	1,900	111	-	-

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:

	2010	2009
Expected life of options (years)	3	3
Expected share price volatility (180 days)	61.7%	48.1%
Dividend yield	0%	0%
Risk free rate (Bank of England base interest rate)	0.50%	5.00%
Share price at date of grant	£0.685	£0.905
Exercise price	£0.10	£0.10

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 28 March 2010 was £0.36 (2009: £0.44). During 2009, the Group recognised total share-based payment expenses for the Group's LTIP of £335,000 (2009: £172,000) of which all related to equity-settled share-based payment transactions.

**23 Cash Flows**

	Year ended 28 March 2010 £'000	Year ended 29 March 2009 Restated £'000
Reconciliation of net cash flows from operating activities		
Profit before taxation from continuing operations	1,473	952
Adjustments		
Finance costs	663	1,031
Fair value loss on financial instruments	209	-
Finance income	(7)	(136)
Depreciation and amortisation	2,869	2,673
Loss on disposal of property, plant and equipment	12	53
Impairment of property, plant and equipment	71	1,346
Onerous lease costs	-	375
Share based payments expense	456	514
Operating cash flows before movements in working capital	5,746	6,808
Increase in inventories	(49)	(125)
Decrease/(increase) in trade and other receivables	1,054	(1,129)
(Decrease)/increase in payables	(1,239)	443
Cash generated from operating activities	5,512	5,997
Income tax paid	(623)	-
Net cash from operating activities - continuing	4,889	5,997
Net cash from operating activities – discontinued (BBC)	-	(49)
Net cash from operating activities – discontinued (UD Group)	(348)	1,461
Net cash from operating activities	4,541	7,409

**24. Commitments Under Operating Leases**

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

	2010 £'000	2009 £'000
Land and buildings		
Expiring within one year	5,093	7,426
Expiring between one and five years	20,616	27,754
Expiring after five years	65,755	87,752
	91,464	122,932
Others		
Expiring within one year	3	15
Expiring between one and two years	-	11
Expiring between two and five years	-	-
	3	26
Total commitments	91,467	122,958

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.

## Notes to the Consolidated Financial Statements (continued)

### 25. Capital Commitments

	2010 £'000	2009 £'000
Group capital expenditure contracted for but not provided in the financial statements relating to committed new restaurant build costs	730	-

### 26. Subsequent Events

Following the year end, the Company completed a placing of 3,730,000 ordinary shares of 10p each raising £2,238,000 (before expenses).

### 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 6. 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*

There were no related party transactions during the year ended 28 March 2010. During the year ended 29 March 2009, 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 to Clerkenwell Ventures PLC during the year and the balance outstanding at 29 March 2009 was £Nil.

### 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. A profit of £211,000 arose on disposal, being the proceeds less the carrying value of Bombay Bicycle Club's net assets and attributable goodwill.

On 12 October 2009, the Company's subsidiaries Urban Dining Limited, Tootsies Holdings Limited, Tootsies Restaurants Limited and TD Scotland Limited (together "UD Group") appointed administrators and ceased to be part of the Group.

	Year ended 28 March 2010 £'000	Year ended 29 March 2009 Restated £'000
<b>Discontinued operations – BBC</b>		
Revenue	-	1,899
Expenses	-	(1,924)
Operating profit	-	(25)
Net finance costs	-	(80)
Loss before taxation	-	(105)
Income taxation expense	-	-
Loss after taxation	-	(105)
Profit from disposal of discontinued operations	105	106
Profit from discontinued operations – BBC	105	1

	Year ended 28 March 2010 £'000	Year ended 29 March 2009 Restated £'000
<b>Discontinued operations – UD Group</b>		
Revenue	9,064	19,470
Expenses	(9,512)	(19,473)
Operating loss	(448)	(3)
Net finance costs	1	(5)
Loss before taxation	(447)	(8)
Income taxation credit	252	-
Loss after taxation	(195)	(8)
Impairment of property, plant and equipment	(3,186)	(2,888)
Impairment of goodwill and intangible assets	(3)	(24,218)
Restructuring costs	-	(12)
Surplus arising on Administration	1,195	-
Loss from discontinued operations – UD Group	(2,189)	(27,126)
Loss from discontinued operations	(2,084)	(27,125)

## Notes to the Consolidated Financial Statements (continued)

### 28. Disposals and Discontinued Operations (continued)

The net assets of UD Group at the date of administration and at 29 March 2009 were as follows:

	12 October 2009 £'000	29 March 2009 £'000
Intangible assets	5	8
Property, plant and equipment	2,188	5,726
Inventories	14	422
Trade and other receivables	1,642	1,893
Bank and cash	749	(51)
Trade and other payables	(3,135)	(4,115)
	<u>1,463</u>	<u>3,883</u>
Surplus arising on administration	1,195	
Total proceeds	<u>2,658</u>	
Satisfied by:		
Cash	3,347	
Less costs associated with administration	(689)	
	<u>2,658</u>	
Net cash inflow arising on disposal:		
Cash proceeds	2,473	
Bank balances and cash disposed of	(749)	
	<u>1,724</u>	

Cash proceeds shown above was received from the Administrator as a result of the administration of UD Group and has been applied to settle amounts due to Barclays Bank plc, being a secured creditor.

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)
	<u>2,281</u>	<u>2,386</u>
Attributable goodwill	1,224	1,224
	<u>3,505</u>	<u>3,610</u>
Gain on disposal	106	
Total consideration	<u>3,611</u>	
Satisfied by:		
Cash	4,409	
Less costs to sell	(798)	
	<u>3,611</u>	
Net cash inflow arising on disposal:		
Cash consideration	3,611	
Bank balances and cash disposed of	(16)	
	<u>3,595</u>	

# Company Balance Sheet

28 March 2010

	Notes	2010 £'000	2009 £'000
<b>Fixed assets</b>			
Intangible assets	1	3	4
Tangible assets	2	151	306
Investments	3	12,590	14,087
		12,744	14,397
<b>Current assets</b>			
Stocks	4	8	8
Debtors: amounts falling due within one year	5	1,299	464
Debtors: amounts falling due after one year	5	17,507	25,818
Cash at bank and in hand		1	311
		18,815	26,601
<b>Creditors</b>			
Amounts falling due within one year	6	(2,309)	(1,820)
<b>Net current assets</b>		16,506	24,781
<b>Total assets less current liabilities</b>		29,250	39,178
<b>Creditors</b>			
Amounts falling due after more than one year	7	(9,250)	(14,000)
<b>Derivatives and financial instruments</b>		(229)	-
<b>Net assets</b>		19,771	25,178
<b>Capital and reserves</b>			
Called up share capital	9	3,732	3,732
Share premium	11	49,596	49,596
Profit and loss account	11	(33,557)	(28,150)
<b>Equity shareholders' funds</b>	11	19,771	25,178

# 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 408 of the Companies Act 2006 a separate profit and loss account for the parent company is not presented.

# Notes to the Company Financial Statements

for the year ended 28 March 2010

## 1. Intangible Fixed Assets

	Trademarks and Licences £'000
<b>Cost</b>	
30 March 2009 and 28 March 2010	4
<b>Accumulated depreciation</b>	
30 March 2009	-
Charge for the year	1
28 March 2010	1
<b>Net book value</b>	
28 March 2010	3
29 March 2009	4

## 2. Tangible Fixed Assets

	Short term leasehold properties £'000	Plant and equipment £'000	Furniture, fixtures and fittings £'000	Total £'000
<b>Cost</b>				
30 March 2009	194	331	108	633
Additions	-	34	-	34
Disposals	(23)	-	-	(23)
28 March 2010	171	365	108	644
<b>Accumulated depreciation</b>				
30 March 2009	74	218	35	327
Charged in the year	35	75	9	119
Impairment	60	1	9	70
Disposals	(23)	-	-	(23)
28 March 2010	146	294	53	493
<b>Net book value</b>				
28 March 2010	25	71	55	151
29 March 2009	120	113	73	306

**3. Fixed Asset Investments**

	2010 £'000	2009 £'000
Investment in subsidiary undertakings		
Cost and net book value		
30 March 2009	14,087	38,094
Capital contributions arising from share based payments	263	377
Disposal of The Bombay Bicycle Club	-	(72)
Disposal of UD Group	(1,760)	-
Impairment of investment in UD Group	-	(24,312)
As at 28 March 2010	12,590	14,087

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

During the year UD Group appointed administrators. Further details on this disposal are given in note 28 to the consolidated financial statements.

As at 28 March 2010, 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
The Real Greek Food Company Limited	Ordinary	100%	Operation of restaurants
<i>Incorporated in Ireland</i>			
Gourmet Burger Kitchen (Ireland) Limited *	Ordinary	100%	Dormant

\* Held by subsidiary undertakings

**4. Stock**

	2010 £'000	2009 £'000
Consumables	8	8

**5. Debtors**

	2010 £'000	2009 £'000
Due within one year:		
Trade debtors	398	-
Other debtors	196	92
Prepayments and accrued income	578	355
Deferred taxation (see Note 8)	127	17
	1,299	464
Due in over one year:		
Amounts owed by subsidiary undertakings	17,507	25,818
	18,806	26,282

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.

# Notes to the Company Financial Statements

for the year ended 28 March 2010

## 6. CREDITORS: Amounts falling due within one year

	2010 £'000	2009 £'000
Bank loans and overdrafts	609	330
Trade creditors	359	372
Other taxation and social security	-	17
Other creditors	15	15
Accruals and deferred income	1,326	1,086
	<b>2,309</b>	<b>1,820</b>

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

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

	2010 £'000	2009 £'000
Bank loans	9,250	14,000

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

Analysis of Loans:

	2010 £'000	2009 £'000
The bank loans and overdrafts are repayable within:		
One year	609	330
More than one year but not more than two years	-	-
More than two years but not more than five years	9,250	14,000
More than five years	-	-
	<b>9,859</b>	<b>14,330</b>

Bank loan and overdrafts of the Company of £9,859,000 (2009: £14,330,000) 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% (2009: 1.95%) above three months LIBOR.

## 8. Deferred Taxation

	2010 £'000	2009 £'000
30 March 2009	(17)	(8)
Transfer from profit and loss account	(110)	(9)
28 March 2010	<b>(127)</b>	<b>(17)</b>

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

	2010 £'000	2009 £'000
Unutilised Losses	(110)	-
Accelerated capital allowances	(17)	(17)
Deferred taxation asset	<b>(17)</b>	<b>(17)</b>

A deferred taxation asset in respect of tax losses of £Nil (2009: £312,000) 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**

	2010 £'000	2009 £'000
Authorised:		
50,000 redeemable shares of £1 each	50	50
55,000,000 (2009: 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 (2009: 37,321,796) ordinary shares of 10p each	3,732	3,732
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Details of ordinary shares issued in the year are given in note 21 to the consolidated financial statements.

**10. Share Based Payments**

Details of share option awards and their valuation are given in note 22 to the consolidated financial statements.

**11. Reserves**

	Share capital £'000	Share premium £'000	Retained earnings £'000	Shareholders Funds £'000
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 29 March 2009	3,732	49,596	(28,150)	25,178
Share based payments	-	-	456	456
Loss for the financial year	-	-	(5,863)	(5,863)
At 28 March 2010	3,732	49,596	(33,557)	19,771

**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 1.80% (2009: 4.71%) and the average amount of time for which interest rates are fixed on short-term deposits were 1 day (2009 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 28 March 2010 was £1,000 (2009: £311,000) and were designated in Sterling. The fair value was the same as the carrying value.

# Notes to the Company Financial Statements

for the year ended 28 March 2010

## 12. Financial Instruments (continued)

The financial liabilities of the Company as at 28 March 2010 were designated in sterling and were all floating rate liabilities. The total overdrafts at the year end were £609,000 (2009: £ 330,000) 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 £9,250,000 (2009: £14,000,000). Interest on the bank loan is floating on 3 months LIBOR plus a margin. During the year, the Group purchased an interest rate swap from the bank for £Nil premium to fix the interest rate for £8,000,000 of the loan at 2.67% (before margin) until June 2012. 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 28 March 2010 of £11,190,000 (2009: £7,170,000) which expire within two years.

## 13. Commitments Under Operating Leases

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

	2010 £'000	2009 £'000
Land and buildings		
Expiring within one year	150	150

## 14. Related Parties Transactions

The Company has taken advantage of the exemptions from disclosure applicable to subsidiary undertakings, where 100% 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.

There were no other related party transactions during the year ended 28 March 2010. During the year ended 29 March 2009, 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 to Clerkenwell Ventures PLC during the year and the balance outstanding at 29 March 2009 was £Nil.

## 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

Suite C  
1 Lindsey Street  
London EC1A 9HP

### Auditor

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

### Nominated Adviser

Altium Capital Limited  
30 St James's Square  
London SW1Y 4AL

### 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

Altium Capital 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 6 September 2010 at Gourmet Burger Kitchen, Unit 4, Condor House, St Paul's Churchyard, 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 28 March 2010.
2. to receive and approve the Report on Directors' Remuneration for the year ended 28 March 2010.
3. to re-appoint Mr Nicholas Donaldson, who retires by rotation under the Company's Articles of Association as a director of the Company.
4. to re-appoint Mr David Sykes, who retires by rotation under the Company's Articles of Association as a director of the Company.
5. to re-appoint Mr Timothy Woodcock, who retires by rotation under the Company's Articles of Association as a director of the Company.
6. 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, pass the following resolutions of which resolution 7 will be proposed as an ordinary resolution and resolution 8 will be proposed as special resolutions:

7. that in substitution for the existing authorities to the extent unutilised, the Directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act"), to exercise all powers of the Company to allot shares and to grant rights to subscribe for or to convert any security into shares 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 2011, except that the Company may before such expiry make an offer or agreement which would or might require to be allotted after such expiry and the Directors may allot shares or grant rights to subscribe for or to convert any security into shares in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired.
8. subject to the passing of resolution 7, and in substitution for the existing authorities to the extent unutilised, the Directors be and they are hereby unconditionally empowered pursuant to section 570 of the Act for a period expiring on the conclusion of the annual general meeting of the Company to be held in 2011 to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by resolution number 7 as if section 561(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 (otherwise than pursuant to paragraph (a) above) for cash up to an aggregate nominal amount of £410,500;

but the Company may before the expiry of the power conferred on them by this resolution make an offer or agreement which would or might require relevant equity to be allotted after such expiry and the Directors may allot relevant equity in pursuance of such offer or agreement notwithstanding that the power conferred hereby has expired.

By Order of the Board

**Nicholas Wong ACA**  
Company Secretary

Suite C  
1 Lindsey Street  
London EC1A 9HP

20 July 2010

#### Notes

1. Shareholders entitled to attend and vote at the AGM may appoint a proxy or proxies to attend and speak on their behalf. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a member of the Company.
2. To appoint more than one proxy you may photocopy the proxy form which accompanies this notice. Investors who hold their shares through a nominee may wish to attend the AGM as a proxy, or to arrange for someone else to do so for them, in which case they should discuss this with their nominee or stockbroker.
3. Completion of the proxy form will not prevent a shareholder from attending and voting at the AGM if subsequently he/she finds they are able to do so. To be effective, it must be deposited at Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by not later than 10.00am on 2 September 2010 or, in the case of an adjournment, 48 hours prior to the time of the adjourned AGM (Saturdays and Public Holidays excluded).
4. Representatives of shareholders which are corporations attending the AGM should produce evidence of their appointment by an instrument executed in accordance with section 44 of the Companies Act 2006 or signed on behalf of the corporation by a duly authorised officer or agent and in accordance with article 36 of the Company's Articles of Association.
5. In order to facilitate voting by corporate representatives at the AGM, arrangements will be put in place at the AGM so that (i) if a corporate shareholder has appointed the chairman of the AGM 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 AGM, 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 AGM but the corporate shareholder has not appointed the chairman of the AGM 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 ([www.icsa.org.uk](http://www.icsa.org.uk)) for further details of this procedure.

## Notice of Annual General Meeting (continued)

6. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those holders of ordinary shares in the capital of the Company registered in the register of members of the Company at 10.00am on 4 September 2010 (being 48 hours prior to the time fixed for the AGM) shall be entitled to attend and vote at the AGM in respect of such number of shares registered in their name at that time. Changes to entries in the register of members after 10.00am on 4 September 2010 shall be disregarded in determining the rights of any person to attend or vote at the AGM.
7. 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.

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# Notes

# Notes



gourmet burger kitchen

[www.gbk.co.uk](http://www.gbk.co.uk)

THE REAL  
GREEK

[www.therealgreek.com](http://www.therealgreek.com)

## The Clapham House Group PLC

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