

The Clapham House Group PLC – Unaudited Interim Results

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

22 November 2006

Unaudited Interim Results

for the six months ended 1 October 2006

CLAPHAM HOUSE ROLL OUT GATHERS PACE AS PROFITS CONTINUE TO GROW

Clapham House, the rapidly growing restaurant group that operates Gourmet Burger Kitchen (“GBK”), Tootsies, The Bombay Bicycle Club (“BBC”) and The Real Greek (“TRG”), today announces its interim results for the six months ended 1 October 2006.

Highlights :

- Turnover substantially increased for the six months to £20.6m (2005: £8.6m)
- Adjusted profit before taxation* for the six months of £1.23m (2005: £0.28m)
- Adjusted diluted EPS** of 3.5p (2005: 0.8p)
- Acquisition of Urban Dining PLC (incorporating the Tootsies business) completed in May 2006
- Encouraging results from:
 - first GBK opened outside London (Brighton)
 - refurbishment and introduction of new menus in Tootsies restaurants
 - first Tootsies conversion into a GBK (Ealing)
 - introduction of on-line ordering to The Bombay Bicycle Club
 - marketing initiatives in The Real Greek
- Clapham House currently operates 66 locations, up from 29 at the start of the financial year
- Strong property pipeline for openings in the next financial year

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

“I am delighted that during the first six months of the year we have continued to accelerate both our opening programme and the growth in profits. The integration of the Tootsies business is proceeding well and on track, achieving some very positive results both from our refurbishments programme and the introduction of new menus. We are seeing an excellent return from the first conversion of a Tootsies restaurant into a GBK and have a strong pipeline for further openings. I look forward to reporting on more progress in all these areas at the end of our financial year.”

* before reorganisation costs and FRS20 share option charge

** before reorganisation costs and FRS20 share option charge and its associated deferred taxation

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NOTE TO EDITORS:

The Clapham House Group PLC (www.claphamhousegroup.com)

Floated on AIM in November 2003 to acquire and develop a small number of quality, “best in class” branded restaurant formats for expansion as a high growth restaurant group. Clapham House currently owns and operates from 66 locations across four brands:

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

GBK offers a range of nutritious, delicious and sophisticated burgers (Harden’s London Restaurants 2006: “Best Burger”, Time Out 2007: “the first and remains our favourite gourmet burger chain”) using quality, fresh ingredients to create each burger including oversized sourdough buns, 100% Aberdeen Angus Scotch Beef patties, English chicken and other fresh produce delivered to the restaurants each day. GBK offers a variety of 23 burgers including Beef, Chicken, Lamb, Venison and Chorizo, as well as three Vegetarian burgers, Junior Beef and Junior Chicken burgers and delicious flavour combinations such as the Pesterella Burger (Beef, Mozzarella and Pesto). The 16th GBK restaurant opened in Tunbridge Wells in November 2006.

Tootsies (www.tootsiesrestaurants.co.uk)

Tootsies first opened its doors to London diners in Holland Park back in 1971 and rapidly built up a loyal local following. Over the past 35 years, Tootsies has opened many more restaurants throughout London and the United Kingdom, offering high quality, freshly prepared food in a friendly atmosphere. The latest Tootsies opened in the Brent Cross Shopping Centre in August 2006. The menu is renowned for its legendary breakfasts and brunches, whilst the char-grill offers steaks, ribs and a superb selection of burgers, including the famous Jalapeno (avocado, Monterey Jack cheese and Mexican hot sauce). Children are very welcome and are offered an organic children’s menu and the renowned freshly blended Tootsies milkshakes. (Zagat 2007: “the staff are cheerful and friendly even when your children aren’t”, Hardens 2007: “a great family destination”).

The Bombay Bicycle Club (www.thebombaybicycleclub.com)

The Bombay Bicycle Club operates three restaurants and ten delivery kitchens and has built an outstanding reputation for quality Indian cuisine over a period of 20 years using the freshest ingredients and providing excellent service, regularly receiving positive plaudits from leading food critics (Zagat 2007: “posh takeaways are good value especially when delivered to your door”, Hardens 2007: “light, fresh and well-crafted curries”). The Bombay Bicycle Club home delivery service currently provides quality, freshly prepared food to more than 10,000 customers a week in the comfort of their own homes. The Bombay Bicycle Club will continue to expand across and beyond Greater London and is seeking to become the largest operator in the quality Indian food market.

The Real Greek (www.therealgreek.com)

The Real Greek offers highly acclaimed traditional Greek cooking (Time Out 2007: “faultless Souvlaki...perfectly char-grilled”, Harden’s 2007: “revolutionalised our notions of Greek cooking”) using fresh and seasonal ingredients served in an informal setting and accompanied by specially imported Greek wines. The Real Greek Souvlaki & Bar concept derives its style from Greek “Street Food”, where eating mezes and char-grilled souvlakis is part of everyday life. The Real Greek currently operates from seven locations, including a landmark restaurant on London’s South Bank and a newly opened restaurant in Covent Garden.

The Clapham House Group PLC
Unaudited Interim Results
for the six months ended 1 October 2006

Chairman's Statement

It gives me great pleasure to report the interim results of Clapham House for the six months ended 1 October 2006.

Results

During the six months ended 1 October 2006, Clapham House's turnover increased substantially to £20.6 million from £8.6 million for the six months ended 30 September 2005. This is a result of the continuing organic growth of our businesses and the acquisition of Urban Dining PLC in May 2006.

Clapham House achieved profits before taxation during the period of £612,000 (2005: £150,000). For the first time we are reporting our results net of a share based payments charge, in accordance with Financial Reporting Standard 20 ("FRS20"), following its adoption in the period. The FRS20 charge during the six month period was £298,000. This charge does not impact Clapham House's underlying cash flow. As expected we incurred reorganisation costs pursuant to the acquisition of Urban Dining PLC; these amounted to £322,000 during the period. The Company's profits before the FRS20 charge, reorganisation costs and taxation in the period were £1,232,000 (2005: £281,000). Diluted earnings per shares for the period were 1.9p (2005: 0.4p) while adjusted diluted earnings per share before reorganisation costs, FRS20 share option charge and deferred taxation arising from the adoption of FRS20 were 3.5p (2005: 0.8p).

Clapham House has started to benefit from synergy benefits following the acquisition of Urban Dining PLC. These savings are offsetting inflationary pressures arising principally from the utilities markets and the increase in the national minimum wage. The Group continues to reinvest some of the economies of scale savings from selected food purchasing into food quality.

Corporate activity

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

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

Openings

Our opening programme is progressing well and we have added six new locations in the first half. Openings included new GBKs in Frith Street Soho and Clapham High Street and a new Tootsies restaurant in the Brent Cross shopping centre. We sold one loss making Tootsies restaurant. This activity took the total number of restaurants and delivery kitchens to 64 at 1 October 2006. Since that date, we have opened a further two GBK restaurants and converted one Tootsies restaurant to a GBK, taking the total number of locations currently operated by the Company to 66: thirty Tootsies and Dexters restaurants, sixteen GBK restaurants, seven Real Greek restaurants and thirteen BBC restaurants and delivery kitchens.

We are currently building at three locations and have exchanged contracts on a further three. We have a number of property contracts subject to legal negotiations. We expect to remain on course with our opening programme for the current financial year and are focusing on front loading next year's programme as much as possible.

In June 2006 we opened our first GBK outside Greater London in Brighton. This immediately became one of the busiest of the GBK restaurants and has been profitable from the first day of trading. We are actively looking for a large number of properties for GBK across the UK and have recently issued site requirement lists for more than 100 target GBK locations. Each of our formats has quite different property requirements in terms of location and size and this enables us to respond to a wide variety of opportunities. To this end we have also recently issued site requirement lists for 45 Bombay Bicycle Club locations and intend to issue a similar list for The Real Greek.

Tootsies

Since its acquisition, as part of Urban Dining PLC, excellent progress has been made in integrating the Tootsies restaurant business into Clapham House. Using new menus and designs, we have refurbished and re-launched the Tootsies restaurants in Putney, Brighton, James Street London W1, Norwich, Oxford, Richmond and Basingstoke. Customer response has been very encouraging and we have already seen good sales growth. We have converted a former Tootsies restaurant in Ealing into a GBK and the weekly sales have more than doubled. Two other Tootsies restaurants in Bristol and South Kensington are scheduled to be converted to the GBK brand in the second half. Consequently by the end of the financial year we will have a good sample of both refurbished, re-launched Tootsies restaurants and GBK conversions. Analysis of the returns from these will allow us to determine our refurbishment and conversion programme for next year.

We have also started to achieve synergies in Tootsies' purchasing and central systems, including areas such as wines, beers, cleaning materials and insurance. The Tootsies accounting function has now been incorporated within the Clapham House central team and the former Urban Dining PLC offices have been closed. The central team will continue to become more efficient as they benefit from various technological initiatives including automating finance processes and the introduction of VOIP.

Gourmet Burger Kitchen

GBK's financial returns continue to be very strong both from restaurants that have been open for several years and immediately from new locations. The level of new opening activity amply demonstrates our confidence in this format which is enhanced by an experienced and talented management team. We are looking to accelerate our growth plans for this business wherever possible. We are introducing a small number of exciting new items to the GBK menu this winter, including for the first time two special Christmas Gourmet Burgers, the winter warmer Brit Xmas Burger (Turkey with stuffing, bacon and cranberry) and the cool summer Kiwi Xmas Burger (turkey, ham, avocado and a zingy kiwi fruit salsa).

The Bombay Bicycle Club

BBC has enjoyed an excellent first half with the new delivery kitchens opened last year showing substantial sales growth and becoming profitable ahead of our original expectations. Trade has also benefited from the introduction of an innovative new on-line ordering system that enables customers to pre-order and book delivery slots. This results in higher spend per head and enables delivery kitchens to operate more efficiently at peak times. Already more than 8% of BBC sales are being generated on-line and we expect to see further growth in this area.

The Real Greek

This is the final year of The Real Greek earn-out and we are already planning for some new openings in the next financial year as we continue to see demand from landlords and customers for the offer. A number of innovative marketing initiatives have been introduced and some exciting menu developments will be launched during the second half of the year. The flagship site on Bankside continues to trade well having benefited from the warm summer with its large terrace on the banks of the River Thames.

Funding

During the period we have continued to invest in the strengthening of our infrastructure and management teams to support our planned restaurant expansion programme. Despite this, we generated a net cash inflow from operating activities of £1.7 million. We invested £3.3 million in capital expenditure on new sites and infrastructure and £32.6 million on acquisitions split between the acquisition of Urban Dining PLC of £25.7m, inclusive of costs, and the earn out payment for GBK of £6.9m. As referred to above, the acquisition of Urban Dining PLC was funded by a placing of new ordinary shares in the Company raising £25.4 million before issue costs. As at 1 October 2006 Clapham House's net debt amounted to £5.8 million, funded by a new debt facility of £19 million which was put in place in August 2006.

Dividends

No interim dividend is being proposed. As described in the Company's admission document dated 29 October 2003, it is the Board's policy that, subject to the availability of distributable reserves, dividends will be paid to shareholders when the Directors believe it is appropriate and prudent to do so. However, the main focus of the Company will be in delivering capital growth for shareholders.

Outlook

It has been a busy and very positive first half of the financial year, with strong progress made in terms of integrating the Tootsies business, new openings and innovative trading initiatives. At the same time, we have continued to show strong profits growth. I look forward to reporting on more progress in all these areas at the end of our financial year.

David Page
Chairman
22 November 2006

The Clapham House Group PLC
Unaudited Consolidated Profit and Loss Account
for the six months ended 1 October 2006

	Notes	Six months ended 1 October 2006			Six months ended 30 September 2005	Year ended 31 March 2006
		Acquired operation Unaudited £'000	Continuing operation Unaudited £'000	Total Unaudited £'000	Restated Unaudited £'000	Restated Audited £'000
Turnover		9,743	10,861	20,604	8,552	17,332
Cost of sales		(6,269)	(7,019)	(13,288)	(5,433)	(11,459)
Gross profit		<u>3,474</u>	<u>3,842</u>	<u>7,316</u>	<u>3,119</u>	<u>5,873</u>
Administrative expenses – excluding exceptional costs		(2,492)	(3,568)	(6,060)	(2,985)	(5,451)
Operating profit before exceptional costs		<u>982</u>	<u>274</u>	<u>1,256</u>	<u>134</u>	<u>422</u>
Exceptional costs	3	(17)	(244)	(261)	(220)	(437)
Operating profit/(loss)		<u>965</u>	<u>30</u>	<u>995</u>	<u>(86)</u>	<u>(15)</u>
Cost of fundamental reorganisation	4			(322)	-	-
Profit/(loss) on ordinary activities before interest				<u>673</u>	<u>(86)</u>	<u>(15)</u>
Investment income				64	257	463
Interest payable				(125)	(21)	(42)
Profit on ordinary activities before taxation				<u>612</u>	<u>150</u>	<u>406</u>
Taxation	5			(2)	(69)	(3)
Profit on ordinary activities after taxation				<u>610</u>	<u>81</u>	<u>403</u>
Earnings per share						
Basic	6			1.9p	0.4p	2.0p
Diluted	6			1.9p	0.4p	1.9p
Adjusted diluted	6			3.5p	0.8p	2.9p

The Clapham House Group PLC
Unaudited Statement of Total Recognised Gains and Losses
for the six months ended 1 October 2006

	Notes	Six months ended 1 October 2006 Unaudited £'000	Six months ended 30 September 2005 Restated Unaudited £'000	Year ended 31 March 2006 Restated Audited £'000
Profit for the period		610	81	403
Prior year adjustment (FRS 20)		(326)		
Prior year adjustment (Deferred Tax)		179		
Total recognised gains and losses		<u>463</u>		

The Clapham House Group PLC
Unaudited Consolidated Balance Sheet
as at 1 October 2006

	Notes	As at 1 October 2006 Unaudited £'000	As at 30 September 2005 Restated Unaudited £'000	As at 31 March 2006 Restated Audited £'000
Fixed assets				
Intangible assets		34,993	14,113	14,089
Tangible assets		24,011	8,190	9,681
		<u>59,004</u>	<u>22,303</u>	<u>23,770</u>
Current assets				
Stocks		811	318	416
Debtors		3,458	1,085	1,479
Cash at bank and in hand		498	9,597	8,035
		<u>4,767</u>	<u>11,000</u>	<u>9,930</u>
Current liabilities				
Creditors: amounts falling due within one year		(10,767)	(10,058)	(10,145)
Net current assets		<u>(6,000)</u>	<u>942</u>	<u>(215)</u>
Total assets less current liabilities		<u>53,004</u>	<u>23,245</u>	<u>23,555</u>
Creditors: amounts falling due after more than one year		(5,215)	(1,655)	(1,574)
Provisions for liabilities and charges		-	(88)	-
Net assets		<u>47,789</u>	<u>21,502</u>	<u>21,981</u>
Capital and reserves				
Called up share capital		3,379	2,029	2,029
Share premium account		43,319	19,759	19,769
Share option reserve		894	449	596
Profit and loss account		197	(735)	(413)
Equity shareholders' funds	7	<u>47,789</u>	<u>21,502</u>	<u>21,981</u>

The Clapham House Group PLC
Unaudited Consolidated Cash Flow Statement
for the six months ended 1 October 2006

	Notes	Six months ended 1 October 2006 Unaudited £'000	Six months ended 30 September 2005 Unaudited £'000	Year ended 31 March 2006 Audited £'000
Net cash inflow from operating activities	8a	1,659	375	604
Returns on investment and servicing of finance		(61)	236	421
Taxation		11	-	(59)
Capital expenditure and financial investment		(3,259)	(3,145)	(5,065)
Acquisitions and disposals	8b	(32,556)	(250)	(325)
Cash outflow before use of liquid resources and financing		(34,206)	(2,784)	(4,424)
Management of liquid resources		6,910	-	(6,910)
Financing	8c	25,098	(35)	(61)
Decrease in cash in the period		(2,198)	(2,819)	(11,395)

Reconciliation of net cash flow to movement in net funds

	Notes	Six months ended 1 October 2006 Unaudited £'000	Six months ended 30 September 2005 Unaudited £'000	Year ended 31 March 2006 Audited £'000
Decrease in cash in the period		(2,198)	(2,819)	(11,395)
Cash flow from (decrease)/increase in liquid resources		(6,910)	-	6,910
Cash outflow from change in debt		(199)	35	71
Change in net funds resulting from cash flows		(9,307)	(2,784)	(4,414)
Debt acquired with subsidiary		(3,800)	-	-
Movement in net debt in the year		(13,107)	(2,784)	(4,414)
Net funds at the beginning of the period		7,312	11,726	11,726
Net funds/(debt) at end of period	8d	(5,795)	8,942	7,312

The Clapham House Group PLC
Notes to the Unaudited Interim Results
for the six months ended 1 October 2005

1. Basis of preparation

The above financial information does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The figures for the period ended 31 March 2006 are based upon the latest statutory accounts, which have been delivered to the Registrar of Companies; the report of the auditors on those accounts was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985. The six months figures use the same accounting policies as for the period ended 31 March 2006 save for the adjustments from the adoption of FRS20 in the period as described below. The adoption of FRS20 has led to the restatement of the results for the six months ended 30 September 2005 and the year ended 31 March 2006. The six months figures have not been audited or subject to review by the company's auditors.

FRS 20 – Share Based Payments

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

This has created a share option reserve as at 1 October 2006 of £894,000 and increased retained loss by £894,000. Of this amount, £298,000 related to the six months ended 1 October 2006 and £278,000 related to the year ended 31 March 2006 of which £131,000 related to the six months ended 30 September 2005.

In accordance with applicable accounting standards a deferred tax asset has been recognised at each of the balance sheet dates as a result of the adoption of FRS20 representing an estimate of the future tax relief available when the share options are exercised. This has reduced retained loss by £268,000. Of this amount £89,000 related to the six months ended 1 October 2006 and £83,000 related to the year ended 31 March 2006 of which £39,000 related to the six months ended 30 September 2005.

Goodwill and amortisation

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

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

Paragraph 28 of schedule 9 to the Companies Act 1985 requires that all goodwill carried on the balance sheet should be amortised. In the case of the goodwill arising on the acquisition of Urban Dining PLC, the Directors consider it appropriate to depart from this requirement in order to comply with the over-riding requirement for the accounts to show a true and fair view. If the goodwill was amortised over a period of 20 years, profit before tax for the period ended 1 October 2006 would be £444,000 lower, with a corresponding reduction in reserves of £444,000; intangible assets on the balance sheet would also be £444,000 lower.

2. Turnover

The turnover and profit for the period are attributable to the principal activities of the group, which are carried on entirely within the United Kingdom.

3. Exceptional costs

The exceptional costs for the six months ended 1 October 2006 and six months ended 30 September 2005 represent the costs incurred up to the date of opening a new restaurant that are written off to the profit and loss account in the period in which they are incurred.

4. Cost of fundamental reorganisation

The cost of fundamental reorganisation for the six months ended 1 October 2006 represent the reorganisation costs pursuant to the acquisition of Urban Dining PLC.

5. Taxation

	Six months ended 1 October 2006 Unaudited £'000	Six months ended 30 September 2005 Restated Unaudited £'000	Year ended 31 March 2006 Restated Audited £'000
Based on the result for the period:			
UK Corporation tax at 30% (2005: 30%)	102	35	121
Over provision in earlier years	(11)	-	(11)
Total current tax	<u>91</u>	<u>35</u>	<u>110</u>
Deferred taxation:			
Origination and reversal of timing differences	(89)	34	(107)
Taxation payable	<u>2</u>	<u>69</u>	<u>3</u>

6. Earnings per share

	Six months ended 1 October 2006 Unaudited £'000	Six months ended 30 September 2005 Restated Unaudited £'000	Year ended 31 March 2006 Restated Audited £'000
Profit on ordinary activities after taxation	610	81	403
Cost of fundamental reorganisation	322	-	-
FRS20 share option charge	298	131	278
Deferred taxation on FRS20 charge	(89)	(39)	(84)
	<hr/>	<hr/>	<hr/>
Adjusted profit on ordinary activities after taxation	1,141	173	597
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Weighted average number of shares in issue	31,525,067	20,254,020	20,423,047
Weighted average number of shares in issue after allowing for dilutive potential ordinary shares	32,505,417	20,584,112	20,920,219
Earnings per share:			
Basic	1.9p	0.4p	2.0p
Diluted	1.9p	0.4p	1.9p
Adjusted diluted	3.5p	0.8p	2.9p
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

7. Reconciliation of movements in equity shareholders' funds

	Six months ended 1 October 2006 Unaudited £'000	Six months ended 30 September 2005 Restated Unaudited £'000	Year ended 31 March 2006 Restated Audited £'000
Shares issued (net of issue costs)	24,900	500	510
FRS20 share option charge	298	131	278
Profit for the period	610	81	403
	<hr/>	<hr/>	<hr/>
Total movements during the period	25,808	712	1,191
Opening equity shareholders' funds	21,981	20,790	20,790
	<hr/>	<hr/>	<hr/>
Closing equity shareholders' funds	47,789	21,502	21,981
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

8. Notes to the consolidated cash flow statement

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

	Six months ended 1 October 2006 Unaudited £'000	Six months ended 30 September 2005 Restated Unaudited £'000	Year ended 31 March 2006 Restated Audited £'000
Operating profit/(loss)	995	(86)	(15)
Cost of fundamental reorganisation	(322)	-	-
Depreciation	895	377	791
(Profit)/loss on disposal of tangible fixed assets	(16)	1	(2)
Increase in stocks	(80)	(108)	(207)
Increase in debtors	(596)	(278)	(617)
Increase in creditors	485	338	376
FRS20 share option charge	298	131	278
Net cash inflow from operating activities	<u>1,659</u>	<u>375</u>	<u>604</u>

b. Acquisitions and disposals

	Six months ended 1 October 2006 Unaudited £'000	Six months ended 30 September 2005 Unaudited £'000	Year ended 31 March 2006 Audited £'000
Purchase of subsidiary undertakings (including costs)	(32,689)	(250)	(325)
Net overdraft acquired with subsidiary	133	-	-
Net cash outflow from acquisition	<u>(32,556)</u>	<u>(250)</u>	<u>(325)</u>

c. Financing

	Six months ended 1 October 2006 Unaudited £'000	Six months ended 30 September 2005 Unaudited £'000	Year ended 31 March 2006 Audited £'000
Capital repayments on bank loans	(4,301)	(35)	(71)
Capital drawn on bank loans	4,500	-	-
Gross proceeds of ordinary shares issued	25,380	-	-
Issue costs	(481)	-	10
Net cash inflow/(outflow) from financing	<u>25,098</u>	<u>(35)</u>	<u>(61)</u>

d. Analysis of net funds

	As at 31 March 2006 Audited £'000	Cash flow Unaudited £'000	Acquisition Unaudited £'000	As at 1 October 2006 Unaudited £'000
Cash in hand and at bank	1,125	(1,973)	1,346	498
Overdrafts	(222)	(358)	(1,213)	(1,793)
	<u>903</u>	<u>(2,331)</u>	<u>133</u>	<u>(1,295)</u>
Short term deposits	6,910	(6,910)	-	-
Debt due within one year	(76)	76	-	-
Debt due after one year	(425)	(275)	(3,800)	(4,500)
Net funds/(debt)	<u>7,312</u>	<u>(9,440)</u>	<u>(3,667)</u>	<u>(5,795)</u>

9. Acquisitions

On 5 May 2006, the Company acquired the issued share capital of Urban Dining PLC for a cash consideration of £25,329,000 plus costs, generating goodwill of £21,338,000. The book value and fair value of net assets acquired were as follows:

	£'000
Fixed assets	11,950
Stock	319
Debtors	1,356
Net debt	(3,647)
Creditors – amounts due within one year	(5,537)
Net assets	<u>4,441</u>

The acquired business contributed £428,000 to the group's net operating cash flows, paid £85,000 in respect of net returns on investments and servicing of finance and utilised £785,000 for capital expenditure.