

Regulatory Announcement

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Company	Gourmet Holdings PLC
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Gourmet Holdings Plc (“Gourmet” or the “Company”)

Proposed placing and notice of Extraordinary General Meeting

Gourmet Holdings Plc announces it proposes to raise approximately £2.0m (before expenses) by way of a conditional placing at a price of 26.0p to fund investment in the growth of the Company, specifically to acquire/develop one or more complementary café/patisserie concepts in central London, bring about operational improvements and provide funds for working capital requirements.

Key Highlights

- Fundraising of £2.0m (before expenses) by way of placing 7,692,308 Ordinary Shares at a price of 26 pence per share. The Placing is conditional upon approval at an EGM, to be held on 16 October 2007
- Shares conditionally placed by Arbuthnot Securities with existing shareholders and Salvatore Diliberto, Chief Executive
- The Company intends to invest the proceeds in acquiring/developing one or more complementary café/patisserie concepts in central London, bring about operational improvements and provide funds for working capital requirements

A circular is expected to be posted to shareholders later today, which will include a notice of Extraordinary General Meeting to be held at 10.00 a.m. on 16 October 2007. Subject, inter alia, to the passing of resolutions to be proposed at the EGM, Admission and dealings in the Placing Shares are expected to commence on 17 October 2007.

Neil Blows, Chairman, commented:

“The Board are actively focused on driving the business forward through the acquisition/development of one or more complimentary concepts in central London and by enhancing the already successful Richoux brand. The Directors believe that shareholder value will be maximized by combining this approach with operational improvements across the business. I would like to take this opportunity to thank our existing shareholders for their continued support.”

This summary should be read in conjunction with the full text of the following announcement. All terms and definitions contained in this announcement are as defined in the circular referred to above unless otherwise shown.

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1. Introduction

The Company announces that it proposes to raise £2.0 million (before expenses) by way of a placing of 7,692,308 Ordinary Shares at a price of 26 pence per share. It is intended that the net proceeds will be used to fund investment in the growth of the Company, specifically to acquire/develop one or more complementary café/patisserie concepts in central London, bring about operational improvements and provide funds for working capital requirements.

The Placing Shares have been conditionally placed with institutional and other investors including the Company's Chief Executive, Salvatore Diliberto. Subject, *inter alia*, to the passing of the Resolutions at the EGM, Admission and dealings in the Placing Shares are expected to commence on AIM at 8.00 a.m. on 17 October 2007.

The Placing is conditional, *inter alia*, upon the Shareholders at the EGM granting authority to the Board to allot the Placing Shares and to disapply pre-emption rights which would otherwise apply to the allotment of the Placing Shares. Certain Shareholders have irrevocably undertaken to vote in favour of the Resolutions in respect of 7,303,845 Ordinary Shares, representing, in aggregate, approximately 21.3 per cent. of the Company's current issued share capital.

2. Background to and Reasons for the Placing

Background

On 13 August 2007 the Company announced a full change of its Board with the appointment of Neil Blows as Chairman, Salvatore Diliberto as Chief Executive and James Rhodes as Non Executive Director. The previous Board had successfully turned round the Company by focusing its operations on the profitable Richoux café concept and concluded that shareholder value would be maximised by bringing in a new management team to enhance the Richoux brand and acquire/develop other complementary patisserie/café concepts. This followed the sale of BDC Holdings Limited, which held the four Bel and Dragon pub restaurants in June 2007 and the disposal of two unbranded pub restaurants, The Five Bells at Stanbridge, Bedfordshire and the Talkhouse at Stanton St John, in December 2006. The Company also announced on 12 September 2007 the surrender of the lease of the Highwayman pub. The Richoux restaurants generated a gross profit of approximately £705,000 in the 52 weeks to 24 June 2007 (2006: approximately £559,000) with Group central costs (net of other operating income) of approximately £654,000 in the same period.

Reasons for the Placing

The Board strongly believe that Richoux is an inherently strong brand with a century of history behind it and are confident of building on this success. The Directors all firmly believe that exemplary standards of food and service are the cornerstone for any restaurant business and will focus rigorously on the delivery of those standards at Richoux.

In addition to the existing business, the Board see the opportunity to acquire/develop one or more complementary café/patisserie concepts in central London to drive the business forward and the Board are actively seeking out and evaluating such opportunities. The Board is also proposing to establish a central kitchen in order to streamline certain elements of the Company's existing operations and this is also expected to produce cost effective synergies with any new concept. The Company has also been required to temporarily relocate its head office to the Richoux at Piccadilly, London from the existing office premises in Putney due to the expiry of the lease.

The new board members all have an operating background and wish to implement further improvements to Richoux both in terms of menu development, equipment and other aspects of the existing operation. It is intended that the Board will be further strengthened by the appointment of a chief operating officer at the

appropriate time.

The Placing combined with the current cash resources will therefore provide us with the necessary capital to acquire/develop one or more complementary café/patisserie concepts in central London, bring about operational improvements and provide funds for working capital requirements. The Board firmly believes that this strategy will add shareholder value to the business.

3. Details of the Placing

The Company proposes to raise £2.0 million (before expenses) through the issue of the Placing Shares at the Placing Price. The Placing Price represents a discount of 3.7% per cent. to the closing mid-market price of 27 pence per Ordinary Share on 20 September 2007, being the last dealing day prior to the announcement of the Placing. The Placing Shares will represent approximately 18.35 per cent. of the Company's Enlarged Share Capital.

Pursuant to the terms of the Placing Agreement, Arbuthnot has agreed conditionally to use reasonable endeavours, as agent for the Company, to procure subscribers for the Placing Shares at the Placing Price. The Placing Agreement is conditional upon, *inter alia*, the Resolutions being duly passed at the EGM and Admission becoming effective on or before 8.00 a.m. on 17 October 2007 (or such later time and/or date as the Company and Arbuthnot may agree, but in any event no later than 11.00 a.m. on 30 October 2007). The Placing Agreement contains provisions entitling Arbuthnot to terminate the Placing Agreement at any time prior to Admission in certain circumstances. If this right is exercised, the Placing will not proceed. The Placing has not been underwritten by Arbuthnot.

Application has been made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Placing Shares on AIM will commence at 8.00 a.m. on 17 October 2007.

The Placing Shares will rank *pari passu* in all respects with the Ordinary Shares, including the right to receive all dividends and other distributions declared following Admission. It is expected that CREST accounts will be credited on the day of Admission and that share certificates (where applicable) will be despatched by 24 October 2007.

As part of the Placing, the Chief Executive, Salvatore Diliberto, has agreed to subscribe for 3,846,154 Placing Shares in aggregate at the Placing Price. This represents 50.0 per cent. of the Placing Shares. On completion of the Placing, Salvatore Diliberto will hold 4,123,932 Ordinary Shares, representing approximately 9.84 per cent. of the Enlarged Share Capital. James Rhodes', Non Executive Director, existing holding of 57,664 Ordinary Shares will represent 0.1 per cent. of the Enlarged Share Capital. The Directors regard Salvatore Diliberto's subscription to the Placing as being important to the alignment of his interests with those of the Company.

The proposed Placing Shares with Salvatore Diliberto constitutes a related party transaction for the purposes of the AIM Rules. The Directors, other than Salvatore Diliberto, having consulted with Arbuthnot, the Company's nominated adviser, believe that the terms of the placing of 3,846,154 Placing Shares by Arbuthnot with Salvatore Diliberto are fair and reasonable insofar as the Shareholders are concerned.

4. EMI Share Option Scheme

The Board believes that the ability to offer equity incentives through the grant of share options to employees and Directors is an important part of the Group's remuneration policy.

The Directors have adopted a new EMI employee share option scheme pursuant to which options to acquire Ordinary Shares may be granted to directors and employees of the Group.

It is expected that the total number of Ordinary Shares under option under the existing option scheme of the Company which is due to expire on 28 April 2008 and the new EMI scheme will not exceed 10 per cent. of the Company's issued ordinary share capital from time to time.

The following options were granted to Salvatore Diliberto and Neil Blows on 17 September

2007:

<i>Name</i>	<i>Scheme</i>	<i>Number of options</i>	<i>Exercise Price</i>
Salvatore Diliberto	EMI	363,636	27.5p
Salvatore Diliberto	Existing Unapproved	386,364	27.5p

In addition an option was granted to Neil Blows over 250,000 ordinary shares with an exercise price of 27.5p. The exercise price was calculated being the closing mid market price per Ordinary Share on 14 September 2007, being the last dealing day prior to the date of grant of the options.

5. Extraordinary General Meeting

The EGM will be held on 16 October 2007 at the offices of Dechert LLP, 160 Queen Victoria Street, London, EC4V 4QQ at 10.00 a.m. at which the Resolutions will be proposed to permit the issue of the Placing Shares. The Resolutions to be proposed at that meeting are, *inter alia*, to empower the Directors to allot equity securities for cash and to do so otherwise than in accordance with the pre-emption provisions under the Act, in connection with the Placing and otherwise.

Resolution 1, which is an ordinary resolution, proposes to grant the Directors the authority, required by section 80 of the Act, to allot new Ordinary Shares in an aggregate nominal amount of £1,001,312. This authority will expire immediately following the next annual general meeting of the Company and will replace the authority obtained at the annual general meeting held in December 2006.

Resolution 2, which is a special resolution, proposes to grant the Directors authority under section 95 of the Act to allot, for cash, new Ordinary Shares in an aggregate nominal amount of up to £407,336 (being approximately 30 per cent. of the existing Ordinary Shares and 24 per cent. of the Enlarged Share Capital), without being required first to offer such securities to shareholders in accordance with statutory pre-emption rights. This authority will expire immediately following the next annual general meeting of the Company and will replace the authority obtained at the annual general meeting held in December 2006.

While the Directors have no present intention to allot any relevant securities pursuant to the authorities prepared to be granted to them pursuant to the Resolutions, save for the allotment of the Placing Shares and pursuant to any exercise of options, the rights described above would provide flexibility for raising additional funds or making acquisitions should suitable opportunities arise.

Resolution 3, which is an ordinary resolution, will, if passed, authorise the Directors to take all necessary steps to implement the EMI Share Option Scheme in relation to options that may be granted after the passing of the resolution.

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