

Regulatory Announcement

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Company Gourmet Holdings PLC
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Gourmet Holdings plc Preliminary results for the 27 weeks ended 30 December 2007

Gourmet Holdings plc, the owner and operator of Richoux restaurants and Amato pasticceria today announces its December 2007 preliminary results.

	27 weeks ended 30 December 2007 £m	52 weeks ended 24 June 2007 £m
Turnover from continuing operations	2.70	4.74
Gross profit from continuing operations	0.33	0.71
Operating (loss)/profit on continuing operations before impairment and reorganisation costs	(0.00)	0.04
Loss attributable to shareholders from continuing and discontinued operations	(0.47)	(2.84)

Key points:

- Core business remains profitable at restaurant level.
- New board aiming to drive the business forward with three to four new sites targeted in 2008.
- Purchase of the Amato brand for £0.77 million completed.
- Focus on operational improvements.
- Cash of £5.54 million at the period end.

Neil Blows, Chairman of Gourmet Holdings plc said:

“With the raising of additional finance, the acquisition of Amato and operational improvements in Richoux we are in a strong position to move the business forward. We have an experienced operational team in place to embrace our plans for expansion. A second Amato site has been acquired and we are in advanced negotiations for a third site together with a central kitchen. In addition we have signed a supply agreement for Amato at Heathrow terminal 5. We are also actively seeking one or more new sites for Richoux. We believe the foundations are in place to enable the growth of a sound and profitable business.”

28th March 2007

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Introduction

As announced in November 2007 the Group has changed its accounting reference date from that last Sunday in June to the last Sunday in December, thus the results now presented are for the 27 week period ended on 30 December 2007, and the comparative figures are for the 52 week period ended 24 June 2007.

In addition these are the first results of the Group presented under IFRS and the reconciliations of the Group UK GAAP income statement and balance sheet to the IFRS income statement and balance sheet are shown in note 7.

Results

Group turnover from our continuing operations for the 27 week period ended 30 December 2007 decreased to £2.70 million (*June 2007: £4.74 million*) reflecting the shorter period, and the refocusing of the business on the Richoux business. Gross profit from continuing operations was £0.33 million (*June 2007: £0.71 million*). Administrative expenses for continuing operations (before impairment and reorganisation costs) of £0.33 million (*June 2007: £0.72 million*) were in line with expectations.

The impairment provision of £0.33 million is in respect of property, plant and equipment of one marginal restaurant, which the Group intends to continue operating and improve the performance. The £0.29 million for reorganisation costs are £0.26 million for staff compensation and redundancy costs and £0.03 million for costs in respect of the closure of the Head Office in Putney.

In October 2007 the Group raised £2.0 million (£1.85 million net of expenses) through a successful placing of new shares at 26 pence per share to fund the growth of the Company.

The Directors are not recommending the payment of a dividend.

Operations***Richoux***

Trading proved difficult in the last quarter of 2007, in line with the sector generally, although sales improved in the last three weeks. We are now undertaking a planned refurbishment programme. The Richoux franchise operation currently forms no part of our key strategic aims as we focus on our UK restaurant activities. The Group is actively seeking one or more additional sites for Richoux in 2008.

Amato

In line with the Group's strategy, in October 2007 the Group acquired the Amato business in Old Compton Street. It has been assimilated into the Group and is performing to expectations. The Group is seeking to grow the new brand and anticipates acquiring two to three units for Amato in 2008.

Head Office

In line with the Group's strategic aims to reduce administrative costs, following the disposal of the pub restaurants, the size of the Head Office team has been reduced. In addition the offices in Putney have been closed following the expiry of the lease and temporarily relocated to the Richoux at Piccadilly.

Capital expenditure and cash flow

The board continued to tightly manage the cash resources of the Group. As at the end of the period under review the Group held cash of £5.54 million (*June 2007: £5.53 million*).

Capital expenditure of £0.73 million (*June 2007: £0.42 million*) was incurred in the period, of which £0.69 was for the acquisition of Amato.

People

As announced in November 2007 Daniel Rapacioli has been appointed as Group Operations Director, Daniel was previously a Director of Shirepond Limited, where he was responsible for running Amato. In addition a new operations manager has been appointed to drive the Richoux business forward.

Change of name

At its next AGM the Company intends, subject to shareholder approval, to change its name to Richoux Group plc.

Outlook

In line with the Group's plans to streamline operational costs, it is in advanced negotiations to purchase a freehold property that will be fitted out as a central kitchen. On the 7 February 2008 it completed the acquisition of a new leasehold premises in Charlotte Street, London, and this is currently being fitted out as a new Amato restaurant. In addition, it has signed a supply agreement for Amato at Heathrow terminal 5. The Group is also in advanced negotiations for another leasehold premises in North London. The Group therefore anticipates opening three to four new premises in 2008 and continues to look for appropriate sites for both the Richoux and Amato concepts.

Neil Blows
Chairman

Gourmet Holdings plc
Consolidated income statement

for the 27 week period ended 30 December 2007

	Notes	27 week period ended 30 December 2007 £'000	52 week period ended 24 June 2007 £'000
Revenue		2,701	4,739
Cost of sales:			
Excluding pre-opening costs		(2,373)	(4,006)
Pre-opening costs		-	(28)
Total cost of sales		(2,373)	(4,034)
Gross profit		328	705
Administrative expenses		(334)	(724)
Other operating income		2	58
Operating (loss)/profit before impairment and reorganisation costs		(4)	39
Impairment of property, plant and equipment		(325)	-
Reorganisation costs		(288)	(25)
Operating (loss)/profit		(617)	14
Finance income		145	110
Finance expense		(2)	(406)
Loss before taxation		(474)	(282)
Taxation		-	-
Loss for the period from continuing operations		(474)	(282)
Profit/(loss) for the period from discontinued operations		5	(2,562)
Loss for the period		(469)	(2,844)
Loss attributable to equity holders of the parent		(469)	(2,844)
Loss per share:			
From continuing operations:			
Loss per share	4	(1.3)p	(0.8)p
Diluted loss per share	4	(1.3)p	(0.8)p
From continuing and discontinued operations:			
Loss per share	4	(1.3)p	(8.3)p
Diluted loss per share	4	(1.3)p	(8.3)p

Gourmet Holdings plc
Consolidated balance sheet

at 30 December 2007

	30 December 2007 £'000	24 June 2007 £'000
Assets		
Non-current assets		
Goodwill	325	269
Other intangible assets	79	1
Property, plant and equipment	2,221	1,991
	<hr/>	<hr/>
Total non-current assets	2,625	2,261
	<hr/>	<hr/>
Current assets		
Inventories	88	69
Trade and other receivables	427	458
Disposal group assets	-	24
Cash and cash equivalents	5,535	5,534
	<hr/>	<hr/>
Total current assets	6,050	6,085
	<hr/>	<hr/>
Total assets	8,675	8,346
	<hr/>	<hr/>
Liabilities		
Current liabilities		
Trade and other payables	(959)	(1,145)
Disposal group liabilities	-	(923)
	<hr/>	<hr/>
Total liabilities	(959)	(2,068)
	<hr/>	<hr/>
Net assets	7,716	6,278
	<hr/>	<hr/>
Capital and reserves		
Share capital	1,681	1,370
Share premium account	10,335	8,769
Warrants reserve	50	50
Retained earnings	(4,350)	(3,911)
	<hr/>	<hr/>
Total equity	7,716	6,278
	<hr/>	<hr/>

Gourmet Holdings plc
Consolidated cash flow statement

for the 27 week period ended 30 December 2007

	Notes	27 week period ended 30 December 2007 £'000	52 week period ended 24 June 2007 £'000
Operating activities			
Cash (used in)/generated from operations	6	(1,274)	826
Taxation paid		-	(11)
Interest paid		(2)	(451)
Net cash from operating activities		(1,276)	364
Investing activities			
Purchase of property, plant and equipment		(41)	(417)
Acquisition of trade and assets		(686)	-
Purchase of trade marks		(1)	(1)
Proceeds from sale of property, plant and equipment		8	366
Interest received		145	110
Disposal of subsidiary undertakings		-	8,186
Net cash sold with subsidiary		-	(3)
Net cash (used in)/from investing activities		(575)	8,241
Financing activities			
Proceeds from issue of ordinary shares		2,000	8
Transaction costs		(148)	-
Repayment of borrowings		-	(6,079)
Capital element of finance lease rentals		-	(9)
Interest element of finance lease rentals		-	(1)
Net cash from/(used in) financing activities		1,852	(6,081)
Net increase in cash and cash equivalents		1	2,524
Cash and cash equivalents at the beginning of the period		5,534	3,010
Cash and cash equivalents at the end of the period		5,535	5,534

Notes

1. The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation. The financial statements have been prepared on the historical costs basis. Historically the Group has prepared financial statements under UK GAAP. The adjustments required on first time adoption of IFRS are disclosed in note 7 in accordance with IFRS 1 (First Time Adoption of IFRS).
2. The financial information set out above does not constitute the Company's statutory accounts for the periods ended 24 June 2007 or 30 December 2007 but it is derived from those accounts. Statutory accounts for 24 June 2007 have been delivered to the Registrar of Companies and those for 30 December 2007 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.
3. **Reorganisation costs**
Reorganisation costs of £288,000, comprises £260,000 for staff compensation, redundancy and related costs and £28,000 for costs in respect of the closure of the Head Office in Putney.

4. **Loss per share**

The calculation of the basic and diluted loss per share is based on the following data:

	30 December 2007 £000	24 June 2007 £000
Loss		
Loss from continuing operations for the purpose of basic loss per share excluding discontinued operations	(474)	(282)
Profit/(loss) from discontinued operations	5	(2,562)
	-	-
Loss for the purposes of basic loss per share being the net profit attributable to equity holders of the parent	<u>(469)</u>	<u>(2,844)</u>
	-	-
Number of shares		
Weighted average number of ordinary shares for the purposes of the basic loss per share	37,323,118	34,209,687
Effect of dilutive potential ordinary shares:		
Share options and warrants	9,171	21,806
	-	-
Weighted average number of ordinary shares for the purposes of diluted loss per share	<u>37,332,289</u>	<u>34,231,493</u>
	-	-
Share options and warrants not included in the diluted calculations as per the requirements of IAS 33 (as they are anti-dilutive)	<u>2,532,669</u>	<u>494,319</u>
	-	-

5. No dividend is proposed.

6. Reconciliation of operating loss to operating cash flows

	27 week period ended 30 December 2007 £'000	52 week period ended 24 June 2007 £'000
Operating (loss)/profit – continuing	(617)	14
Operating loss - discontinued	(3)	(358)
Loss on disposal of property, plant and equipment	3	217
Depreciation charge	120	423
Amortisation charge	2	-
Impairment of intangible fixed assets	-	5
Impairment of tangible fixed assets	325	266
(Increase)/decrease in stocks	(19)	56
Decrease in debtors	65	5
(Decrease)/increase in creditors	(1,119)	195
Equity settled share based payments	(31)	3
Net cash (outflow)/inflow from operating activities	(1,274)	826

7. Impact of the adoption of International Financial Reporting Standards

From the period ending 30 December 2007 the Group has prepared its financial statements in accordance with IFRS. Below are the reconciliations of the Group UK GAAP income statement to the IFRS income statement for the period ended 24 June 2007 and the UK GAAP balance sheet to the IFRS balance sheet as at 24 June 2007. There has been no impact on the Group cash flow statement, other than in terms of presentation, from the transition to IFRS.

IFRS 3 Business Combinations

IFRS 3 prohibits the amortisation of goodwill. The standard requires goodwill to be carried at cost with impairment reviews both annually and where there are indications that the carrying value may not be recoverable.

As permitted by IFRS 1 the Group has chose to apply IFRS 3 from the date of transition (26 June 2006) and has not chosen to restate previous business combinations. Therefore, goodwill is stated in the opening balance sheet (at 26 June 2006) at £2,101,000 being its UK GAAP carrying value at this date. Subsequent amortisation has been reversed, increasing operating profit by £19,000 for the period to 24 June 2007 and increasing its carrying value at this date to £269,000.

7. Impact of the adoption of International Financial Reporting Standards *(continued)*

Reconciliation of UK GAAP to IFRS income statement for the period ended 24 June 2007

	UK GAAP (IFRS format) £'000	Goodwill amortisation £'000	IFRS £'000
Revenue	4,739	-	4,739
Cost of sales:			
Excluding pre-opening costs	(4,006)	-	(4,006)
Pre-opening costs	(28)	-	(28)
Total cost of sales	(4,034)	-	(4,034)
Gross profit	705	-	705
Administrative expenses	(743)	19	(724)
Other operating income	58	-	58
Operating profit/(loss) before trading exceptional items	20	-	39
Trading exceptional items	(25)	-	(25)
Operating profit/(loss)	(5)	19	14
Finance income	110	-	110
Finance expense	(406)	-	(406)
Loss before taxation	(301)	19	(282)
Taxation	-	-	-
Loss for the financial period	(301)	19	(282)
Discontinued operations:			
Operating loss for the period on discontinued operations	(456)	98	(358)
Loss on sale of discontinued operations	(2,095)	(98)	(2,193)
Taxation on discontinued operations	(11)	-	(11)
Loss attributable to shareholders	(2,863)	19	(2,844)

7. Impact of the adoption of International Financial Reporting Standards *(continued)*

Reconciliation of UK GAAP to IFRS balance sheet as at 24 June 2007

	UK GAAP (IFRS format) £'000	Goodwill amortisation £'000	IFRS £'000
Assets			
Non-current assets			
Goodwill	250	19	269
Other intangible assets	1	-	1
Property, plant and equipment	1,991	-	1,991
Total non-current assets	2,242	19	2,261
Current assets			
Inventories	69	-	69
Trade and other receivables	458	-	458
Disposal group assets	24	-	24
Cash and cash equivalents	5,534	-	5,534
Total current assets	6,085	-	6,085
Total assets	8,327	19	8,346
Liabilities			
Current liabilities			
Trade and other payables	(1,145)	-	(1,145)
Disposal group liabilities	(923)	-	(923)
Total liabilities	(2,068)	-	(2,068)
Net assets	6,259	19	6,278
Capital and reserves			
Share capital	1,370	-	1,370
Share premium account	8,769	-	8,769
Warrants reserve	50	-	50
Retained earnings	(3,930)	19	(3,911)
Total equity	6,259	19	6,278

8. Report and accounts

Copies of the annual report and accounts will be posted to the shareholders shortly and will be available at www.gourmetholdings.co.uk.

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