



Interim report

Individual Restaurant Company Plc

For the period ended 29 June 2008

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Highlights of Individual Restaurant Company plc ("IRC" or "the Group")

Interim results (unaudited) for the six months ended 29 June 2008

Individual Restaurant Company plc ("IRC" or "the Group"), a leading operator of 31 restaurants throughout the UK which trade under the Piccolino (21) and Restaurant Bar & Grill (10) formats, today announces interim results for the six months ended 29 June 2008.

Strong performance during the period

- Trading in line with expectations
- Revenues* increased by 21% to £24.0m (2007: £19.9m)
- Restaurant EBITDA** increased to £4.0m (2007: £3.6m)
- Total Group EBITDA margin up to 6.9% (2007: 6.4%)

Opening programme on track for seven new restaurants in the current year

- Four new Piccolino restaurants opened:
 - Birmingham (June)
 - York (July)
 - Hale (September)
 - Bristol (September)
- Two restaurants in build
 - Piccolino (Clitheroe)
 - Restaurant Bar & Grill (Harrogate)
- Aberdeen (Piccolino) due to open at the end of the year

Financially strong

- Gearing 35%
- Available banking facility of £4.1m
- Interest covered four times by EBITDA

* Last year's revenues adjusted for Bank Aldwych (disposed in that year) and Zinc Birmingham (closed in that year)

** Restaurant EBITDA is defined as EBITDA generated solely by the restaurants and is therefore stated prior to central costs

Steven Walker, Chief Executive said:

"These are creditable results in what remain testing times for the sector as a whole in view of the challenging consumer outlook and upward pressure on costs. However, the underlying fundamentals of the eating out market remain attractive over the medium term. Both Piccolino and Restaurant Bar & Grill continue to perform resiliently and these results once again demonstrate the broad appeal of both formats with consumers.

As always the Christmas period will be all important to the outcome for the year. Our future pipeline of sites is strong and we remain confident about prospects for the Group over the medium term."

29 September 2008

Highlights of Individual Restaurant Company plc ("IRC" or "the Group")

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Chairman's statement

Introduction

Individual Restaurant Company plc (“IRC” or “the Group”), a leading restaurant operator with 31 premium casual dining restaurants throughout the UK which trade under the Piccolino (21) and Restaurant Bar & Grill (10) formats, announces its unaudited interim results for the six months ended 29 June 2008.

The results reflect a period in which the business has both improved its financial performance and expanded its restaurant estate through the addition of Piccolino Birmingham, taking the total number of restaurants to 29 as at 29 June 2008. A further 2 restaurants have been opened in the period since then and the Group now has 31 restaurants in operation. The Group's restaurants have performed well over the period and trading is in line with Management's expectations.

Results

Against a backdrop of challenging trading conditions, the Group has delivered strong revenue and EBITDA growth in the six months to 29 June 2008.

Revenues for the period increased by £4.1m (21%) to £24.0m (2007: £19.9m revenue adjusted for Bank Aldwych (disposed in that year) and Zinc Birmingham (closed in that year) for comparative purposes). This growth was driven by the impact of the six new site openings during 2007, four Piccolino restaurants in Sheffield (June), West Didsbury (June), Ilkley (November) and Exchange Square (December), and two Restaurant Bar and Grills in Liverpool (March) and Tunbridge Wells (September), together with the opening of Piccolino Birmingham completed in 2008.

Restaurant EBITDA increased across the Group by £0.4m (12%) to £4.0m (2007: £3.6m). This growth was generated from the six new openings completed in 2007 together with the one new opening completed in the first half of 2008. Restaurant EBITDA as a percentage of revenue was 16.6% (2007: 17.9%). The decline in margin reflects input cost pressures on food and beverage supplies which have been well-documented across the industry. Due to fixed rate contracts, we have not had any impact on margins from increased utility costs. In the second half of the year, a small number of these contracts are up for renewal but it is anticipated that any impact will be minimal.

Pre-opening costs in the period were £0.2m (2007: £0.5m) incurred on the opening of Birmingham Piccolino. On acquisition of this existing restaurant, the termination of a number of employment and other service contracts led to higher than average pre-opening costs on this site.

Central costs for the period were £2.1m (2007: £1.8m). The central team is well positioned to oversee 2009's growth plans.

After pre-opening and central costs, EBITDA was up £0.4m (30%) to £1.7m (2007: £1.3m) in the period. The EBITDA margin was also up to 6.9% (2007: 6.4%).

Operating profit before non-trading costs has increased by £0.1m (34%) to £0.4m. The loss before tax of £0.1m was £0.1m better than the same period last year however profit after tax fell from £0.3m in 2007 to £0.1m in 2008 due to a lower tax credit in 2008 of £0.2m (2007: £0.5m). EPS for the period was 0.4p on a basic and fully diluted basis.

Chairman's statement

Balance sheet

At 29 June 2008, net debt was £14.4m with £4.1m of headroom available under the Group's banking facility. Gearing is 35%. Interest costs in the period of £0.4m (2006: £0.2m) were four times covered by EBITDA. Under our existing facility interest charges are calculated against Lloyds TSB's base rate.

In the period we have incurred £4.2m of capital expenditure of which £3.2m relates to the 2008 opening programme, £0.4m relates to sites opened in the later stages of 2007 with the balance related to existing sites.

Roll out of Piccolino and Restaurant Bar & Grill Brands

The Board remains confident that the Group's target of seven new restaurant openings for the current year will be achieved albeit this year's opening programme will be weighted to the second half as a result of protracted planning and licensing negotiations on some sites. Four Piccolino restaurants have been opened in the current year with one opened in the six months to June 2008 (Birmingham, June) and three more, York (July), Hale (September) and Bristol (September) in H2 FY08. Two more restaurants are also currently in build at Harrogate (Restaurant Bar & Grill) and Clitheroe (Piccolino) both of which will open towards the end of the current year. It is anticipated Aberdeen (Piccolino) will open very close to the end of the current year.

The Board is pleased with the strong pipeline of sites for 2009 from which we are confident of selecting next year's six target openings. In these times of economic uncertainty, we are in a strong position to secure better terms from landlords. Discussions with prospective landlords are underway in this regard which is likely to result in a 2009 opening pipeline that is, once again, heavily loaded to the second half of the year.

Current trading and outlook

Trading conditions have toughened in the first 10 weeks of the second half of the year and, it is too early to judge how the current economic environment will impact the important Christmas trading period. Furthermore, cost inflation will continue to put pressure on margins for some time to come.

However, the Board believes that both the Group's brands and business model are robust and remains confident about the Group's prospects over the medium term.

Chairman

29 September 2008

Consolidated income statement

	6 months ended 29 June 2008 (unaudited) £'000	6 months ended 30 June 2007 (unaudited) £'000	14 months ended 31 December 2007 (audited) £'000
Revenue	23,995	21,597	50,852
Cost of sales	(6,377)	(5,570)	(13,094)
Gross profit	17,618	16,027	37,758
Profit on disposal of assets	-	-	1,267
Business restructuring costs	-	(116)	(1,284)
Share based payment charge	(54)	(108)	(108)
Other operating expenses	(17,225)	(15,734)	(34,393)
Operating result before non-trading costs	393	293	3,365
Operating profit	339	69	3,240
Finance income	33	70	17
Finance cost	(455)	(296)	(676)
(Loss)/profit before taxation	(83)	(157)	2,581
Taxation	229	458	(251)
Profit from continuing operations	146	301	2,330
Profit attributable to equity holders of Parent	146	301	2,330
Earnings per share from total and continuing operations:			
Basic	4 0.4p	0.9p	7.4p
Diluted	4 0.4p	0.8p	6.9p

Consolidated balance sheet

	29 June 2008 (unaudited) £'000	30 June 2007 (unaudited) £'000	31 December 2007 (audited) £'000
Assets			
Non current assets			
Property, plant and equipment	32,286	25,449	29,353
Intangible assets	38,647	39,072	38,647
Total non current assets	70,933	64,521	68,000
Current assets			
Inventories	762	566	809
Trade and other receivables	3,092	2,840	1,999
Derivative financial instrument	50	70	17
Cash and cash equivalents	2,097	851	4,455
Total current assets	6,001	4,327	7,280
Assets held for sale	-	1,706	-
Total assets	76,934	70,554	75,280
Liabilities			
Current liabilities			
Trade and other payables	(10,845)	(10,364)	(10,649)
Deferred consideration	-	(4,248)	(4,248)
Short term borrowings	(16,500)	(8,750)	(10,500)
Total current liabilities	(27,345)	(23,362)	(25,397)
Non current liabilities			
Trade and other payables	(125)	-	(390)
Deferred taxation	(8,839)	(8,784)	(9,068)
Total non current liabilities	(8,964)	(8,784)	(9,458)
Total liabilities	(36,309)	(32,146)	(34,855)
Net assets	40,625	38,408	40,425

Consolidated balance sheet

	29 June 2008 (unaudited) £'000	30 June 2007 (unaudited) £'000	31 December 2007 (audited) £'000
Equity attributable to equity shareholders of the parent			
Share capital	13,826	12,397	12,409
Other reserves	33,697	30,842	30,866
Shares to be issued	162	4,356	4,356
Retained earnings	(7,060)	(9,187)	(7,206)
Total equity	40,625	38,408	40,425

Consolidated statement of changes in equity

	Share capital £'000	Other reserves £'000	Shares to be issued £'000	Retained earnings £'000	Total £'000
At 1 January 2007	12,372	30,795	4,248	(9,488)	37,927
Total gains and losses: Profit for the period	-	-	-	301	301
Shares issued during the period	25	47	-	-	72
Share based payments credited to reserves	-	-	108	-	108
At 30 June 2007	12,397	30,842	4,356	(9,187)	38,408
At 1 November 2006	1,125	7,925	-	(9,536)	(486)
Total gains and losses: Profit for the period	-	-	-	2,330	2,330
Reclassified from debt	17	833	-	-	850
Exercise of options	37	74	-	-	111
Shares issued in the period	11,230	22,996	-	-	34,226
Transaction costs of issue	-	(962)	-	-	(962)
Deferred consideration shares to be issued	-	-	4,248	-	4,248
Share based payments credited to reserves	-	-	108	-	108
At 31 December 2007	12,409	30,866	4,356	(7,206)	40,425
At 1 January 2008	12,409	30,866	4,356	(7,206)	40,425
Total gains and losses: Profit for the period	-	-	-	146	146
Share based payments credited to reserves	-	-	54	-	54
Shares issued during the period	1,417	2,831	(4,248)	-	-
At 29 June 2008	13,826	33,697	162	(7,060)	40,625

Consolidated cash flow statement

	6 months ended 29 June 2008 (unaudited) £'000	6 months ended 30 June 2007 (unaudited) £'000	14 months ended 31 December 2007 (audited) £'000
Cash flow from operating activities			
(Loss)/profit after taxation	(83)	301	2,330
Adjustments for:			
Depreciation, impairment and amortisation charges	1,259	1,012	2,306
Share based payment charge	54	108	108
Interest expense	455	296	676
Interest received	(33)	(70)	(17)
Movement in deferred tax provision	-	(458)	251
Profit on sale of property, plant and equipment	-	-	(1,267)
(Increase) in trade and other receivables	(1,126)	(685)	(141)
Decrease/(increase) in inventories	47	7	(278)
Increase/(decrease) in trade payables	(58)	298	1,310
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Cash used in operations	515	809	5,278
Interest paid	(433)	(296)	(676)
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Net cash used in operating activities	82	513	4,602
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Cash flows from investing activities			
Purchase of property, plant and equipment	(4,192)	(5,526)	(10,595)
Purchase of subsidiary	(4,248)	(1,147)	(15,923)
Net cash acquired with subsidiary	-	-	1,408
Proceeds from sale of property, plant and equipment	-	-	3,500
Interest received	-	70	17
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Net cash used in investing activities	(8,440)	(6,603)	(21,593)
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Cash flows from financing activities			
Proceeds from issue of share capital	-	75	32,111
New bank loans raised	6,000	8,750	14,000
Repayment of loan	-	(3,718)	(7,218)
Repayment of loans acquired with subsidiary	-	(500)	(17,106)
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Net cash from financing activities	6,000	4,607	21,787
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Net (decrease)/increase in cash and cash equivalents	(2,358)	(1,483)	4,796
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at beginning of period	4,455	2,334	(341)
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Cash and cash equivalents at end of period	2,097	851	4,455

Notes to the interim report

1 General information

Individual Restaurant Company plc and its subsidiaries (the Group) principal activities are those of restaurateurs. Individual Restaurant Company plc is the Group's ultimate parent company.

It is a company incorporated in the United Kingdom under the Companies Act 1985 with registration number 4026693. The company is domiciled in the United Kingdom and has its registered office at 4th Floor, Ridgefield House, 14 John Dalton Street, Manchester, M2 6JR. The company's shares are listed on the Alternative Investment Market of the London Stock Exchange.

The financial information set out in the unaudited condensed interim financial information ("the interim report"), does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The Group's statutory financial statements for the 14 month period ended 31 December 2007 have been filed with the Registrar of Companies and are available from Companies House. The auditors report on those financial statements was unqualified and did not contain a statement under section 237 (2) and section 327 (3) of the Companies Act 1985.

The interim report is presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except where stated otherwise.

No geographical segment analysis has been provided as the Directors do not consider there to be materially significant geographical segments. The Group does not currently have any restaurants outside the United Kingdom.

The interim report was approved by the Board on 29 September 2008.

2 Basis of preparation

This interim report is for the six months to 29 June 2008. It has been prepared in accordance with the recognition and measurement requirements of those IFRS (International Financial Reporting Standards) as adopted by the EU, which are applicable to the financial statements for the period ended 31 December 2008. It does not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the period ended 31 December 2007.

These standards remain subject to ongoing amendment and / or interpretation and are therefore still subject to change. The amounts included in these statements may therefore change as a result of subsequent amendments to IFRS or for new standards issued after the balance sheet date.

This interim report has been prepared in accordance with the accounting policies set out in the statutory accounts for the period to 31 December 2007. The Directors do not consider that there will be a change in accounting policies for the period to 31 December 2008. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of this interim report.

Notes to the interim report

3 Principal risks affecting the group

The Directors consider that the principal risks and uncertainties affecting the business remain unchanged from those discussed in page 11 of their report in the financial statements for the period to 31 December 2007. In particular they consider that two of those risks, namely;

- Adverse economic conditions and decline in consumer confidence in the UK.
- Increases in prices of key raw materials, wages and overheads (including utilities).

have increased in likelihood as a result of the impact of the credit crunch, and the Board continues to address the risk.

4 Earnings per ordinary share

The calculation of earnings per share (basic and diluted) is based on Group profit after taxation and the weighted number of ordinary shares.

	6 months ended 29 June 2008		
	Earnings	Weighted average number of shares	Per share
	£'000	'000	Pence
Basic EPS	146	37,479	0.4
Effect of share options	-	2,570	-
Diluted EPS	<u>146</u>	<u>40,049</u>	<u>0.4</u>
	6 months ended 30 June 2007		
	Earnings	Weighted average number of shares	Per share
	£'000	'000	Pence
Basic EPS	301	35,358	0.9
Effect of share options	-	2,570	-
Diluted EPS	<u>301</u>	<u>37,928</u>	<u>0.8</u>

Notes to the interim report

4 Earnings per ordinary share (continued)

	14 months ended 31 December 2007		
	Earnings	Weighted average number of shares	Per share
Basic EPS	2,330	31,415	7.4
Effect of share options	-	2,570	-
Diluted EPS	<u>2,330</u>	<u>33,985</u>	<u>6.9</u>

5 Taxation

The taxation relates entirely to movements in deferred tax in each period and there were no amounts in relation to corporation tax.

6 Copies of interim report

Copies of the interim report are available from the Company Secretary, Individual Restaurant Company Plc, 4th Floor, Ridgfield House, 14 John Dalton Street, Manchester M2 6JR.

7 Share issue

During the period to 29 June 2008 4,045,713 shares were issued to settle the deferred consideration due. Shares issued and authorised for the period to 29 June 2008 may be summarised as follows:

	Number	£'000
Ordinary shares		
As at 1 January 2007	35,349,305	12,372
Exercise of options	71,428	25
At 30 June 2007	<u>35,420,733</u>	<u>12,397</u>
Exercise of options	35,714	12
As at 1 January 2008	35,456,447	12,409
Issue of deferred consideration shares	4,045,713	1,417
As at 29 June 2008	<u><u>39,502,160</u></u>	<u><u>13,826</u></u>

The issue of deferred consideration shares relates to the acquisition of Bank Restaurant Company Limited (formerly Individual Restaurant Company Limited) in the prior period. The consideration was paid by way of cash and the issue of shares in equal proportion.

Independent review report to Individual Restaurant Company Plc

Introduction

We have been engaged by the company to review the financial information in the half-yearly financial report for the six months ended 29 June 2008, which comprises the consolidated income statement, consolidated balance sheet, consolidated statement of changes in equity and the consolidated cashflow statement. We have read the other information contained in the half yearly financial report which comprises only the highlights and Chairman's statement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company those matters we are required to state to them in a review 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, for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The AIM rules of the London Stock Exchange require that the accounting policies and presentation applied to the interim figures are consistent with those which will be adopted in the annual accounts having regard to the accounting standards applicable for such accounts.

As disclosed in Note 2, the annual financial statements of the group are prepared in accordance with the basis of preparation.

Our responsibility

Our responsibility is to express to the company a conclusion on the financial information in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent review report to Individual Restaurant Company Plc

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial information in the half-yearly financial report for the six months ended 29 June 2008 is not prepared, in all material respects, in accordance with the basis of accounting described in Note 2.

GRANT THORNTON UK LLP
AUDITOR
LIVERPOOL

2008