Preliminary results
Individual Restaurant Company Plc

For the year ended 31 December 2010

Company No 4026693

Highlights

Audited results for the 12 months ended 31 December 2010

Individual Restaurant Company Plc ("IRC" or "the Group"), a leading operator of 33 restaurants throughout the UK which trade under the Piccolino (22) and Restaurant Bar & Grill (11) formats, today announces its final results for the year ended 31 December 2010.

Trading performance

- Revenue was £51.3m (2009: £53.3m)
- Group EBITDA of £4.3m (2009: £5.0m)
- Restaurant EBITDA was £7.7m (2009: £8.8m)

Operations

- Both brands continue to trade robustly on a national basis

Financially strong

- Net debt reduced to £11.7m (2009: £12.4m)
- Banking headroom of £6.8m available at the year end
- Successful refinancing of the Group's £18.5m loan facility; agreement to extend the term of the loan to January 2013 with no amortisation

Current trading and outlook

- Sales got off to an encouraging start in Q1 2011 with positive like for like sales although the rate of growth has slowed in March

Steven Walker, Chief Executive said:

"Taking into account some adverse one-off factors, trading performance in 2010 was pleasing. We experienced strong like for like sales towards the end of December 2010 and a number of sales initiatives have continued this momentum into the early part of 2011.

However we remain cautious as to the future trading environment. Like for like sales growth, whilst positive, has slowed in March and in common with most of the industry, we are also experiencing cost pressures. Nevertheless I remain confident in the robustness and trading potential of both brands."

4 April 2011

Enquiries:

Highlights

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Chairman's statement

Introduction

Individual Restaurant Company plc, a leading restaurant operator with 33 premium casual dining restaurants throughout the UK which trade under the Piccolino (22) and Restaurant Bar & Grill (11) brands, announces its audited results for the 12 months ended 31 December 2010.

As previously highlighted, trading conditions in 2010 were challenging due to a number of well publicised one-off factors. Despite this the Group is pleased to announce that EBITDA before non trading costs was £4.25m, a satisfactory performance given the market conditions.

In addition, net debt was reduced in the year by £0.7m, down to £11.7m (2009: £12.4m). As a multiple of EBITDA (before non trading costs), the year end net debt was 2.8 times (2009: 2.5 times).

Financial Performance

Revenues across the Group decreased by £2.0m (3.9%) to £51.3m (2009: £53.3m) and restaurant EBITDA* decreased by £1.1m to £7.7m (2009: £8.8m) as a result. Central costs were reduced by £0.4m for the second successive year and Group EBITDA for the year was therefore down £0.7m to £4.3m (2009: £5.0m).

The gross margin for the period remained in line with 2009. As previously reported, the Group has taken a strategic decision to refrain from entering the mass discounting market which has continued to be widely practised across the restaurant sector. Both brands continue to offer guests excellent value for money as verified by regular competitor pricing surveys undertaken by the Group.

Central costs in 2010 were £3.4m (2009: £3.8m) representing 6.7% of revenue (2009: 7.1%). Savings were generated primarily from reduced wage costs.

Finance costs in the year increased to £0.9m (2009: £0.7m). This uplift was the result of the mark to market valuation of hedging costs coupled with the annualised impact of reverting to a LIBOR related loan facility mid way through 2009.

Profit before tax, non trading items and hedging costs was £0.2m (2009: £1.3m).

In the year non trading costs totalled £1.9m (2009: £2.2m), arising predominately from two areas: onerous lease provisions totalling £0.5m and impairment of non-current assets totalling £1.3m. Of the onerous lease provisions £0.3m related to the release of provision in respect of the properties at Wandsworth and Birmingham, the leases of which are both expected to be assigned to new tenants before June 2011. A further provision totalling £0.8m has also been made in respect of the property pipeline, which remains undeveloped and is currently being marketed. In the current property market it has proven difficult to find suitable buyers for these units and as a result the Group has provided for expected ongoing property costs.

There was a tax credit in the year of £0.1m (2009: £0.1m) which resulted from a movement in the deferred tax balance.

After non trading items and tax the Group incurred a loss for the year of £1.7m (2009: loss of £0.8m).

Cash flow and Balance Sheet

The Group generated strong cash flows from operations of £2.7m in the year (£3.4m : 2009). Net debt reduced by £0.7m down to £11.7m (2009: £12.4m). In addition the Group successfully refinanced the loan facility which resulted in the £18.5 million facility becoming non-amortising and the term being extended until January 2013.

Capital expenditure in the year was £1.4m and largely related to enhancing the estate by expanding the number of covers and providing outside dining areas. Unopened / closed site lease costs amounted to £1.0m. As noted above, two of these sites (Wandsworth and the former Zinc in Birmingham) are expected

Chairman's statement

to be disposed of by June 2011 and future cash outflows in respect of such sites are expected to decline accordingly.

Gearing remained comparable at 28% (2009: 29%). Interest costs (excluding the mark to market hedge valuation) of £0.8m were covered by EBITDA five times (2009: eight times). As a multiple of EBITDA before non trading costs the year end net debt was just below 2.8 times compared with 2.5 times in 2009. The available headroom on the banking facility was £6.8m compared with £6.1m in 2009.

Operations

The Board have always believed the success of the Group is determined by the quality of its people, food, guest service and cleanliness. The focus in these areas, which is both monitored and incentivised, has resulted in this becoming a culture within the business and is continuously improving.

Our number one goal remains outstanding guest service. We have invested in a computerised central database and we now have a greater understanding of the guests who dine throughout the estate each week.

Across both brands we continue to develop our food and beverage offer. Despite the competitive environment and upward cost pressure we do not compromise on the quality of our ingredients. In addition we continue to invest heavily in chef training to ensure consistency throughout the estate; likewise our front of house team has been strengthened.

Future Outlook and Current Trading

The last two weeks of 2010 saw strong like for like sales growth. A number of sales initiatives have been introduced in 2011 and have helped continue this momentum. January like for like trading was strong, albeit against a period last year affected by extreme weather and volume growth has continued in both February and March.

However the Group is also mindful that 2011 will be another challenging year. The rate of sales growth in March was lower than January and February and we are experiencing an increased level of cost inflation; in particular the uplifts in alcohol duty and the national minimum wage, the change in Employers National Insurance contributions and food cost inflation. We expect to absorb all or most of these cost pressures by a combination of increased revenues and operating efficiencies.

The Board has great confidence in the trading strength of the two brands and their ability to meet the challenges ahead.

Robert Breare

Chairman

4th April 2011

**Restaurant EBITDA is defined as EBITDA generated before non-trading and central costs*

Consolidated income statement

	Note	2010 £'000	31 £'000
Revenue		**51,256**	53,349
Cost of sales		**(12,981)**	(13,630)
Gross profit		**38,275**	39,719
Other operating expenses		**(37,255)**	(37,772)
Operating result before non-trading costs		**1,020**	1,947
Business restructuring costs		**-**	(859)
Impairment of non-current assets		**(1,289)**	-
Share option charge		**(108)**	(108)
Increase in provision for onerous leases		**(515)**	(1,200)
Operating loss		**(892)**	(220)
Finance cost		**(880)**	(652)
Loss before taxation		**(1,772)**	(872)
Income tax		**92**	66
Loss from continuing operations		**(1,680)**	(806)
Loss for the period attributable to equity holders of parent		**(1,680)**	(806)
Earnings per share from continuing operations:			
Basic	2	**(2.82p)**	(1.64p)
Diluted	2	**(2.82p)**	(1.64p)

Consolidated statement of comprehensive income

	2010 **£'000**	31 £'000
Loss for the period	**(1,680)**	(806)
Total comprehensive income for the period	**(1,680)**	(806)
Attributable to equity holders of the parent	**(1,680)**	(806)

Consolidated statement of financial position

	2010 £'000	31 £'000
ASSETS		
Non-current assets		
Property, plant and equipment	**32,728**	35,857
Intangible assets	**38,050**	38,647
Total non-current assets	**70,778**	74,504
Current assets		
Inventories	**943**	987
Trade and other receivables	**2,952**	3,105
Cash and cash equivalents	**6,763**	6,121
Total current assets	**10,658**	10,213
Total assets	**81,436**	84,717
LIABILITIES		
Current liabilities		
Trade and other payables	**(11,691)**	(11,970)
Derivative financial instrument	**(71)**	-
Short term borrowings	**-**	(2,000)
Provisions	**(588)**	(430)
Total current liabilities	**(12,350)**	(14,400)
Non-current liabilities		
Long term borrowings	**(18,500)**	(16,500)
Provisions	**(236)**	(1,206)
Deferred taxation	**(8,952)**	(9,641)
Total non-current liabilities	**(27,688)**	(27,347)
Total liabilities	**(40,038)**	(41,747)
Net assets	**41,398**	42,970

Consolidated statement of financial position

	2010 £'000	31 £'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	**2,982**	2,982
Share premium account	**13,275**	13,275
Capital redemption reserve	**11,851**	11,851
Merger reserve	**22,034**	22,034
Shares to be issued	**432**	324
Retained earnings	**(9,176)**	(7,496)
Total equity	**41,398**	42,970

Consolidated statement of changes in shareholders' equity

	Share capital £'000	Other reserves £'000	Shares to be issued £'000	Profit and loss account £'000	Total £'000
At 1 January 31	13,826	33,697	216	(6,690)	41,049
Shares issued	1,007	1,612	-	-	2,619
Deferred shares purchased	(11,851)	11,851	-	-	-
Share based payments	-	-	108	-	108
Transactions with owners	2,982	47,160	324	(6,690)	43,776
Loss and total comprehensive income for the period	-	-	-	(806)	(806)
At 31	2,982	47,160	324	(7,496)	42,970
At 1 January 2010	2,982	47,160	324	(7,496)	42,970
Share based payments	-	-	108	-	108
Transactions with owners	2,982	47,160	432	(7,496)	43,078
Loss and total comprehensive income for the period	-	-	-	(1,680)	(1,680)
At 31 December 2010	**2,982**	**47,160**	**432**	**(9,176)**	**41,398**

Other reserves represent the share premium account, the merger reserve and the capital redemption reserve.

Consolidated cash flow statement

	2010 £'000	31 £'000
Cash flows from operating activities		
Loss after taxation	**(1,680)**	(806)
Adjustments for:		
Depreciation, impairment and amortisation charges	**4,521**	3,062
Share based administrative expense	**108**	108
Interest expense	**880**	652
Movement in deferred tax provision	**(92)**	(66)
Movement in provisions	**(812)**	959
Decrease/(increase) in trade and other receivables	**153**	(665)
Decrease in inventories	**44**	72
(Decrease)/increase in trade payables	**(415)**	65
Cash flow from operations	**2,707**	3,381
Interest paid	**(673)**	(655)
Net cash from operating activities	**2,034**	2,726
Cash flows from investing activities		
Purchase of property, plant and equipment	**(1,392)**	(1,910)
Net cash used in investing activities	**(1,392)**	(1,910)
Cash flows from financing activities		
Proceeds from issue of share capital	**-**	2,619
Net cash from financing activities	**-**	2,619
Net increase in cash and cash equivalents	**642**	3,435
Cash and cash equivalents at beginning of year	**6,121**	2,686
Cash and cash equivalents at end of the year	**6,763**	6,121

Notes to the financial statements

1 Basis of preliminary statement

The financial information set out above does not constitute the Group's statutory accounts for the year ended 31 December 2010 but is derived from those accounts, which are prepared in accordance with International Financial Reporting Standards.

The financial statements for the year 31 December 2010 have not yet been filed at Companies House, but will be in due course. The auditor has reported on those accounts; their report was unqualified and did not contain a statement under section 498 (2) or section 498 (3) of the Companies Act 2006.

The 2010 statutory accounts are prepared on the basis of the accounting policies stated in the Consolidated Interim report for the period ended 30 June 2010.

Copies of the June 2010 interim report can be found on the Company's website at: www.individualrestaurantcompanyplc.co.uk.

2 Earnings per share

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

	Year ended 31 December 2010		
	Earnings £'000	Weighted average number of shares '000	Per share p
Basic and diluted earnings per share	(1,680)	59,648	(2.82)

The outstanding options at 31 December 2010 do not have a dilutive effect on the weighted average number of shares as the exercise price of options during the year exceeded the average market price of ordinary shares.

	Year ended 31 December 31		
	Earnings £'000	Weighted average number of shares '000	Per share p
Basic and diluted earnings per share	(806)	49,161	(1.64)