Grant Thornton

Interim report
Individual Restaurant Company Plc

For the period ended 4 July 2010

Index

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

Interim results (unaudited) for the Six Months ended 4 July 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 unaudited interim results for the six months ended 4 July 2010.

Trading performance

- Revenue was £24.6m (2009: £25.1m)
- Group EBITDA of £0.7m (2009: £1.3m)
- Restaurant EBITDA was £2.7m (2009: £3.3m)

Operations

- Both brands continue to trade well on a national basis
- Continued development of food offering

Financially strong

- Successful refinancing of Group's £18.5m loan facility; agreement to extend the term of the loan to January 2013 and cancellation of the amortising facility
- Net debt reduced to £15.0m (2009: £16.4m)
- Banking headroom of £3.5m available at the half year end

Current trading and outlook

- Revenue for the first ten weeks of the second half of the year generally in growth

Steven Walker, Chief Executive said:

I have been pleased by the return to revenue growth generally experienced over the past five months (excluding the Football World Cup month of June) and I remain confident in the inherent strength of both of our brands. The task now is to find a way that the group can capitalize on this inherent strength, bearing in mind the current funding constraints on expansion capital.

10 September 2010

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Chairman's statement

Introduction

Individual Restaurant Company plc ("IRC" or "the Group"), a leading restaurant operator of 33 premium casual dining restaurants throughout the UK which trade under the Piccolino (22) and Restaurant Bar and Grill (11) brands, announces its unaudited interim results for the six months ended 4 July 2010 as follows.

Results

In the six months ended 4 July 2010 revenue was £24.6m (2009: £25.1m). The £0.5m decline in revenue was due to the severe weather conditions at the beginning of the period and the adverse effect of the Football World Cup at the end of the period which was greater than anticipated, as previously reported.

Of the restaurant EBITDA(*) decline of £0.6m to £2.7m (2009: £3.3m) £0.4m was accounted for by the revenue decline due to the factors set out above with gross margins being maintained year on year at 73.4%. The balancing £0.2m shortfall in restaurant EBITDA(*) principally resulted from increased site payroll costs driven by changes to the rules defining national minimum wage in October 2009.

Central costs were in line with the prior year at £2.0m (2009: £2.0m). Group EBITDA in the period was £0.7m (2009: £1.3m).

Depreciation in the period was £1.6m (2009: £1.5m). Capital expenditure, which is weighted to the first half of the year, was in line with the prior year at £0.8m (2009: £0.8m). The high quality of each initial fit out always results in depreciation being higher than maintenance capital.

Finance costs increased by £0.2m to £0.4m (2009: £0.2m) as a result of the renegotiated banking agreement in 2009 and resultant change in interest rates from base rate plus 1.5% to LIBOR plus 3.5% reported last year.

The loss after adjustments for taxation for the period was £2.5m (2009: £0.8m). This loss was £1.7m higher than 2009 with £1.3m of the loss resulting from the full impairment of the assets of Restaurant Bar & Grill Glasgow, in agreement with our auditors.

Cash flow and balance sheet

Net debt has reduced by £1.4m since June 2009 to £15.0m (2009: £16.4m) with £3.5m of headroom available on the facility. In the period the Group successfully refinanced the loan facility which resulted in the facility becoming non-amortising (under the previous facility amortisation payments totalling £2.0m and £2.5m were due in 2010 and 2011 respectively). The term of the facility has also been extended 12 months to January 2013.

Piccolino and Restaurant Bar and Grill brands

The Board has always believed the success of a restaurant is determined by the quality of its people, food, customer service and cleanliness. Systems and controls are in place to measure these four key performance indicators. These are reviewed alongside financial indicators on a site by site basis. The Board remains pleased with the performance of the Group in all four of these areas, although it is always looking to improve.

Chairman's statement

In the period there has been a significant investment in our people. To enhance training of our front of house people we have appointed "in-house" trainers in each restaurant.

In 2010 the Group has focused heavily on the area of customer service. Every restaurant now has a computerized reservation system which is linked to a central database. With 32,000 customers dining in our restaurants each week we now have a greater understanding of who those customers are, what they eat and drink and, as a result, we are increasingly able to tailor the customer experience to the needs of the individual guest.

Across both brands we have continued to develop the food offering. In the city centre Bar and Grill restaurants the tandoor section of the menu, introduced following the installation of tandoor ovens, has proved very popular. In the Piccolino brand we continue to develop the menu to educate our customers to the fact all the food is made on the premises.

Operational systems have been upgraded following the roll out of a new employee management system. This system has streamlined many of the administration functions associated with labour scheduling, payroll processing and personnel records maintenance.

The property team has invested a great deal of time working with various licensing authorities to secure a significant number of new outside covers.

Current trading and outlook

Traditionally the Group's earnings have been heavily weighted towards the second half of the year and 2010 will be no exception. The Board believes trading conditions across the period will be at least in line with those experienced in 2009. This belief is supported by recent revenue trends and the Board's confidence that the planned increases in minimum wage can be absorbed.

The Board remains confident in both the Group's brands and business models and is focused on finding the best way forward for the Group given current funding constraints on expansion capital.

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Robert Breare
Chairman

10 September 2010

(*) Restaurant EBITDA is defined as EBITDA generated by restaurants before central costs

Consolidated income statement

	Note	**6 months ended 4 July 2010 (unaudited) £'000**	6 months ended 28 June 2009 (unaudited) £'000	12 months ended 31 December 2009 (audited) £'000
Revenue		**24,607**	25,146	53,349
Cost of sales		**(6,553)**	(6,665)	(13,630)
Gross profit		**18,054**	18,481	39,719
Other operating expenses		**(18,974)**	(18,700)	(37,772)
Operating (loss)/profit before exceptional costs		**(920)**	(219)	1,947
Impairment of non-current assets	4	**(1,289)**	-	-
Business restructuring costs		**-**	(346)	(859)
Increase in provision for onerous leases		**-**	-	(1,200)
Share based payment charge		**(54)**	(54)	(108)
Operating loss		**(2,263)**	(619)	(220)
Finance cost		**(456)**	(219)	(652)
Loss before taxation		**(2,719)**	(838)	(872)
Income tax	5	**194**	-	66
Loss from continuing operations		**(2,525)**	(838)	(806)
Loss attributable to equity holders of parent		**(2,525)**	(838)	(806)
Earnings per share from total and continuing operations:				
Basic	6	**(4.2)p**	(2.1)p	(1.6)p
Diluted	6	**(4.2)p**	(2.1)p	(1.6)p

Consolidated statement of comprehensive income

	July 2010 (unaudited) £'000	June 2009 (unaudited) £'000	December 2009 (audited) £'000
Loss for the period	**(2,525)**	(838)	(806)
Total comprehensive income for the period	**(2,525)**	(838)	(806)
Attributable to equity holders of the parent	**(2,525)**	(838)	(806)

Consolidated statement of financial position

	4 July 2010 (unaudited) £'000	28 June 2009 (unaudited) £'000	31 December 2009 (audited) £'000
Assets			
Non current assets			
Property, plant and equipment	**33,742**	36,209	35,857
Intangible assets	**38,647**	38,647	38,647
Total non current assets	**72,389**	74,856	74,504
Current assets			
Inventories	**940**	895	987
Trade and other receivables	**3,938**	3,435	3,105
Cash and cash equivalents	**3,539**	2,096	6,121
Total current assets	**8,417**	6,426	10,213
Total assets	**80,806**	81,282	84,717
Liabilities			
Current liabilities			
Trade and other payables	**(10,939)**	(12,269)	(11,970)
Derivative financial instrument	**(61)**	-	-
Provisions	**(430)**	(177)	(430)
Short term borrowings	**-**	(1,500)	(2,000)
Total current liabilities	**(11,430)**	(13,946)	(14,400)
Non current liabilities			
Long term borrowings	**(18,500)**	(17,000)	(16,500)
Provisions	**(930)**	(364)	(1,206)
Deferred taxation	**(9,447)**	(9,707)	(9,641)
Total non current liabilities	**(28,877)**	(27,071)	(27,347)
Total liabilities	**(40,307)**	(41,017)	(41,747)
Net assets	**40,499**	40,265	42,970

Consolidated statement of financial position (continued)

	4 July 2010 (unaudited) £'000	28 June 2009 (unaudited) £'000	31 December 2009 (audited) £'000
Equity attributable to equity shareholders of the parent			
Share capital	**2,982**	1,975	2,982
Share premium account	**13,275**	11,663	13,275
Capital redemption reserve	**11,851**	11,851	11,851
Merger reserve	**22,034**	22,034	22,034
Shares to be issued	**378**	270	324
Retained earnings	**(10,021)**	(7,528)	(7,496)
Total equity	**40,499**	40,265	42,970

Consolidated statement of changes in equity

	Share capital £'000	Other reserves £'000	Shares to be issued £'000	Profit and loss account £'000	Total £'000
At 1 January 2009	13,826	33,697	216	(6,690)	41,049
Share based payments	-	-	54	-	54
Deferred shares purchased	(11,851)	11,851	-	-	-
Transactions with owners	(11,851)	11,851	54	-	54
Loss and total comprehensive income for the period	-	-	-	(838)	(838)
At 28 June 2009	**1,975**	**45,548**	**270**	**(7,528)**	**40,265**
At 1 January 2009	13,826	33,697	216	(6,690)	41,049
Share based payments	-	-	108	-	108
Shares issued	1,007	1,612	-	-	2,619
Deferred shares purchased	(11,851)	11,851	-	-	-
Transactions with owners	(10,844)	13,463	108	-	2,727
Loss and total comprehensive income for the period	-	-	-	(806)	(806)
At 31 December 2009	**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	-	-	54	-	54
Transactions with owners	-	-	54	-	54
Loss and total comprehensive income for the period	-	-	-	(2,525)	(2,525)
At 4 July 2010	**2,982**	**47,160**	**378**	**(10,021)**	**40,499**

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

Consolidated statement of cash flows

	6 months ended 4 July 2010 (unaudited) £'000	6 months ended 28 June 2009 (unaudited) £'000	12 months ended 31 December 2009 (audited) £'000
Cash flow from operating activities			
Loss after taxation	**(2,525)**	(838)	(806)
Adjustments for:			
Depreciation, impairment and amortisation charges	**2,910**	1,547	3,062
Share based payment charge	**54**	54	108
Interest expense	**456**	219	652
Movement in deferred tax provision	**(194)**	-	(66)
Movement in provisions	**(276)**	(136)	959
Increase in trade and other receivables	**(785)**	(953)	(665)
Decrease in inventories	**45**	162	72
(Decrease) / increase in trade payables	**(1,086)**	433	65
Net cash from operating activities	**(1,401)**	488	3,381
Interest paid	**(386)**	(231)	(655)
Net cash (used in)/generated by operating activities	**(1,787)**	257	2,726
Cash flows from investing activities			
Purchase of property, plant and equipment	**(795)**	(847)	(1,910)
Net cash used in investing activities	**(795)**	(847)	(1,910)
Cash flows from financing activities			
Proceeds from issue of share capital	**-**	-	2,619
Proceeds from long term borrowings	**-**	18,500	-
Repayment of loans		(18,500)	-
Net (decrease) / increase in cash from financing activities	**-**	-	2,619
Net (decrease)/increase in cash and cash equivalents	**(2,582)**	(590)	3,435
Cash and cash equivalents at beginning of period	**6,121**	2,686	2,686
Cash and cash equivalents at end of period	**3,539**	2,096	6,121

Notes to the interim report

1 Nature of operations and 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.

Individual Restaurant Company Plc is the Group's ultimate parent company. It is a company incorporated in the United Kingdom under the Companies Act 2006 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 for the year ended 31 December 2009 set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2009 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Section 498(2) or 498(3) of the Companies Act 2006.

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

The interim report was approved by the Board on 10 September 2010.

2 Basis of preparation

This interim report is for the six months to 4 July 2010. 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 2009. 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 2009.

These financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, income and expense.

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 2009. The Directors do not consider that there will be a change in accounting policies for the period to 31 December 2010, except for the adoption of improvements to IFRS's 2009. The accounting policies have been applied consistently throughout the Group for the 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 2009. 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 economic downturn, and the Board continues to address the risk.

4 Impairment of non-current assets

During the period an impairment of £1,289,000 has been recognised. This represents a full impairment of the assets of the Glasgow Bar and Grill restaurant.

5 Taxation

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

Notes to the interim report

6 Earnings per 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 4 July 2010		
	Earnings £'000	Weighted average number of shares '000	Per share Pence
Basic and diluted EPS	(2,525)	59,648	(4.2)

	6 months ended 28 June 2009		
	Earnings £'000	Weighted average number of shares '000	Per share Pence
Basic and diluted EPS	(838)	39,502	(2.1)

	12 months ended 31 December 2009		
	Earnings £'000	Weighted average number of shares '000	Per share Pence
Basic and diluted EPS	(806)	49,161	(1.6)

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

7 Copies of interim report

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

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 4 July 2010 which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and the related explanatory notes. 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 financial information in the half-yearly financial report 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 IFRSs as adopted by the European Union. The financial information in the half-yearly financial report has been prepared in accordance with the basis of preparation in Note 2.

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 4 July 2010 is not prepared, in all material respects, in accordance with the basis of accounting described in Note 2.

GRANT THORNTON UK LLP
AUDITOR
LIVERPOOL

10 September 2010