

23 March 2016

Eclectic Bar Group Plc
("Eclectic", the "Company" or the "Group")
Interim results for the half year to 27 December 2015

Half Year Highlights

Trading for the first half of the financial year was in line with the update given to the market on 30 September 2015.

- Sales: £10.72m (2014: £12.12m)
- Head office expenses: £0.89m (2014: £1.2m)
- Company EBITDA before highlighted items: £0.96m (2014: £1.10m)
- Company EBITDA after highlighted items: £0.94m (2014: £0.57m)
- Operating profit before highlighted items: £0.37m (2014: £0.1m)
- Operating profit after highlighted items: £0.34m (2014: loss of £0.43m)
- Profit before tax and highlighted items: £0.30m (2014: £0.01m)
- Profit before tax and after highlighted items: £0.28m (2014: loss of £0.53m)
- Basic earnings per share: 1.8p (2014: loss of 4.0p)
- Basic earnings per share (with highlighted items added back): 1.9p (2014: 0.2p)
- Diluted earnings per share: 1.8p (2014: loss of 4.0p)
- Diluted earnings per share (with highlighted items added back): 1.9p (2014: 0.2p)
- Net debt at the end of the year of £0.2m (2014: £2.8m)

Commenting on the results, Luke Johnson, Executive Chairman said:

"Eclectic has some of the best locations and premium brands in the UK. Positive progress is being made across all areas of the business and I am particularly pleased to see the Group returning to profit for the half year. Broadening the business into more activity-based leisure concepts such as we are trialling in Reading will continue to build value for our shareholders over the medium to long term.

Our team have continued to work hard in a difficult trading environment and I'd like to take the opportunity to thank them for their continued effort and dedication."

All Company announcements and news are available at www.eclecticbars.co.uk

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About Eclectic Bar Group

The Group is a leading operator of premium bars, with 18 venues trading across major towns and cities of the UK under a variety of concepts including Embargo Republica, Lola Lo, Sakura, Po Na Na, Fez Club, Lowlander, Coalition and Dirty Blonde.

The Group predominantly targets a customer base of sophisticated students midweek and stylish over 21s and professionals at weekends. The Group focuses on delivering added value to its customers with premium product ranges, high quality music and entertainment, and a commitment to exceptional service standards.

Luke Johnson, who has been involved in the hospitality industry for more than 20 years, and Reuben Harley, who has over 25 years' experience in the UK pub and bar industry, lead the Group's management team.

Lola Lo (9 sites)	Brighton Bristol Cambridge Edinburgh Derby Lincoln Oxford Reading Manchester
Po Na Na (2 sites)	Bath Wimbledon
Fez Club (2 sites)	Cambridge Putney
Sakura (2 sites)	Reading Manchester
Coalition	Brighton
Dirty Blonde	Brighton
Lowlander	Covent Garden
Embargo Republica	Kings Road

Chairman's Statement

The Group has made significant progress since my appointment as Chairman:

- The campaign for returning students in September has been a notable success, halting the slow-down seen last year. The introduction of the 'Loyal' card, the installation of free public wi-fi, improved offers and better communication have all contributed towards new student nights, increased overall student numbers and increased mid-week sales for the Group.
- The significant savings that have been made on head office costs, as well as the rebasing of costs across the estate, were, in my view, essential to the future profitability of the business; the Company's focus on these areas will therefore continue for the rest of the financial year.
- A significant reduction in net debt, which currently stands at £0.2 million as at the end of December versus £2.8 million for the same period last year, gives the Group capacity to make investments in its existing estate and allows headroom for acquisitions, should opportunities arise.
- Derby Lola Lo's return to profitability is very encouraging and, whilst more work is needed to complete the turnaround of Dirty Blonde, its Christmas trading result shows that the venue has potential to deliver a positive contribution.
- The 2.25% margin improvement arising from the re-negotiation of the Group's principal supply contracts at the end of February 2015 has brought welcome additional profit, together with a logistics benefit through having a single drinks supplier.
- Progress is being made on the disposal of Sheffield and of the remaining space at Liverpool, with positive interest shown in these locations from various parties.
- Most importantly in this half year, the Group returned to profitability with earnings before tax and after highlighted items at £0.28 million versus a loss of £0.53 million for the same period last year. This is a key milestone for the business and demonstrates what can be achieved through applied focus and determination.

The Company owns some of the best locations in the UK, with premium brands run by excellent people on a daily basis. The management team at Eclectic has achieved tangible progress over the last six months and I am confident that together we have the skills and potential to build on this and grow the business further.

The Board does not propose an interim dividend.

Luke Johnson

Chairman

23 March 2016

Chief Executive's Review

The Group is a leading operator of premium bars with 18 venues trading across major towns and cities of the UK under a variety of concepts including Embargo Republica, Lola Lo, Sakura, Po Na Na, Fez Club, Lowlander, Coalition and Dirty Blonde.

The Group predominantly targets a customer base of sophisticated students midweek and stylish over 21s and professionals at weekends. The Group focuses on delivering added value to its customers with premium product ranges, high quality music and entertainment, and a commitment to exceptional service standards.

Half Year Results

Trading for the 26 weeks to 27 December 2015 was in line with the trading outlook published in the Company's final results announcement on 30 September 2015, with Group EBITDA of £0.96 million (2014: £1.10 million). Whilst sales are down in comparison to the prior year, it has been encouraging to see the Company improve its profitability and demonstrate better control over costs as it moves into the second half of the financial year.

As announced in its full year results and trading update, the Group reported that it would be undertaking a number of actions to mitigate the downturn in trading that had resulted from lower student numbers, increased competition and the underperformance of two sites (Lola Lo in Derby and Dirty Blonde in Brighton). These actions included:

- using the intelligence and findings from student focus group sessions to formulate plans for those returning in September 2015;
- reducing the head office cost base by 28%;
- focusing activity on profitable trading nights and ensuring cost savings by closing non-profitable sessions;
- reviewing the estate in order to establish the on-going viability of some of the smaller, albeit profitable, sites and to improve trading in the two underperforming sites;
- re-negotiating the principal supply contracts at the end of February 2015, bringing revenue and margin benefits as well as the logistical simplicity of a single drinks supplier.

The management team is pleased to report that good progress has continued in all of the above areas throughout the first half of this financial year:

- *Students*

At the start of the new academic year in September, Eclectic introduced its new 'Loyal' card, offering special deals for cardholders on student nights. The initiative has proved itself a significant success for the Group, with over 250,000 drinks sold under the 'Loyal' card scheme in the first student term.

We have now completed the installation of free public wi-fi into 95% of our venues, enabling students to stay connected with friends online. This provides the Group with the opportunity to acquire new customer data via the sign-on process, communicate offers to students when they sign onto wi-fi and ultimately drive sales through longer dwell times in our venues.

In comparison with the prior year, the first student term of the period has witnessed increases in the total number of student sessions offered by Eclectic, total student footfall, student night sales and student spend per head.

- *Head office cost savings and review of trading nights*

Head office overhead before highlighted items has fallen by £353k (28.5%) versus the same half year period last year.

Total operating expenses before highlighted items have fallen by £1,346k (14.3%) and total operating expenses after highlighted items have fallen by £1,858k (18.6%) versus the same half year period last year.

INTERIM STATEMENT – DECEMBER 2015

- *Review of the estate*

A new, revitalised management team at Derby Lola Lo has made great progress, this venue contributed positively to EBITDA for the first half of the financial year and we expect this trend to continue for the rest of the financial year.

Dirty Blonde in Brighton had a strong Christmas period but weekday trade remains a challenge for this venue.

The Company is actively marketing the disposal of the leases for its Sheffield venue and the remaining half of its Liverpool venue, with interest shown in both from a number of parties.

- *Improvements in liquor margin arising from new contracts started February 2015*

The liquor margin is up 2.25% on the same period last year, reflecting continued purchasing benefits arising from the new contracts.

In summary, for the 26 week period ended 27 December 2015:

- Sales: £10.72m (2014: £12.12m)
- Head office expenses: £0.8m (2014: £1.24m)
- Company EBITDA before highlighted items: £0.96m (2014: £1.10m)
- Company EBITDA after highlighted items: £0.94m (2014: £0.57m)
- Operating profit before highlighted items: £0.37m (2014: £0.1m)
- Operating profit after highlighted items: £0.34m (2014: loss of £0.43m)
- Profit before tax and highlighted items: £0.30m (2014: £0.01m)
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- Basic earnings per share: 1.8p (2014: loss of 4.0p)
- Basic earnings per share (with highlighted items added back): 1.9p (2014: 0.2p)
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- Diluted earnings per share (with highlighted items added back): 1.9p (2014: 0.2p)

Development in the Estate

Derby Lola Lo

As already reported, Derby has had considerable success this year in breaking into the student market, which forms a crucial part of trade in this city. The management team has significantly improved the operation of this business and it gives us pleasure to report that this venue is now profitable.

Brighton Dirty Blonde

Dirty Blonde continues to generate one of the most successful Saturdays in the estate. The work to make the bar more visible from the street, to simplify the food offering and to reduce the cost base has now been completed. The simplified menu and late night bar offer were particularly successful over the Christmas period, with an increase in unit EBITDA of 446% on the same period for the prior year. However, mid-week sales remain a challenge and we will therefore be reviewing the various options for this venue over the coming months.

Reading Sakura

Applications for planning and licensing have been submitted to redevelop the street level bar of this venue. The bar will trade during the daytime, post-working hours and in the evening. The menu will include fresh dough pizzas and craft beer and, in addition, the venue will provide activity areas for customers to enjoy games of ping-pong with friends and family. The street level bar venue is expected to re-open in May; meanwhile, the rest of the unit will continue to operate as normal on the upper floors.

INTERIM STATEMENT – DECEMBER 2015

Manchester Sakura

This venue was forced to close just before Christmas due to water flooding from the railway lines above. Transport for Greater Manchester has been undertaking significant works to the track, which have affected a number of tenants on the locks. An insurance claim for loss of trade and damage is already underway. The landlord is working hard to resolve these issues but it is not yet possible to give any dates as to when this venue is likely to re-open.

Liverpool

The landlord has carried out work to separate this venue into two halves, which is now complete. As announced in September, half of the venue has already been disposed of to a new tenant. The remaining half is actively being marketed for sale, with interest received from a number of parties.

Sheffield

This venue is also being actively marketed for sale. There has been considerable interest in this property and the Group are in negotiations with a number of parties.

For the remainder of the estate, trading has been in line with management expectations for the half year period.

Balance Sheet

The Company's debt facilities are with Barclays Bank Plc. At the period end, the company had:

- Revolving Credit Facility of £3.5m with £1.6m drawn (2014: £5m facility with £3.5m drawn down);
- Overdraft facility of £0.6m, undrawn at the period end (2014: £nil);
- Fully repaid its term facility in September 2015 (2014: £0.6m); cash balances of £1.4m (2014: £1.2m)
- Net debt at the end of the year of £0.2 m (2014: £2.8m)

As at the period end, the net debt to leverage ratio was 0.12x EBITDA (2014: 1.24x EBITDA)

Outlook

Trading for the first half is in line with market expectations and we expect this trend to continue through the second half as management executes the Group's strategy.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Unaudited 26 weeks to 27 December 2015 £'000	Unaudited 26 weeks to 28 December 2014 £'000	Audited 52 weeks to 28 June 2015 £'000
Revenue		10,723	12,125	22,282
Cost of sales		(2,277)	(2,592)	(4,589)
Gross profit		8,446	9,533	17,693
Operating expenses - excluding highlighted items		(8,080)	(9,426)	(18,026)
Operating expenses - highlighted items	4	(25)	(537)	(5,732)
Total operating expenses		(8,105)	(9,963)	(23,758)
Operating profit/(loss) - before highlighted items		366	107	(333)
Highlighted items - operating expenses	4	(25)	(537)	(5,732)
Operating profit/(loss)		341	(430)	(6,065)
Finance revenue		-	-	-
Finance cost		(65)	(95)	(178)
Profit/(loss) before tax and highlighted items		301	12	(511)
Highlighted items	4	(25)	(537)	(5,732)
Profit/(loss) on ordinary activities before taxation		276	(525)	(6,243)
Taxation	6	-	13	470
Profit/(loss) and total comprehensive income for the period		276	(512)	(5,773)
Earnings/(loss) per share – basic	5	1.8p	(4.0)p	(44.7)p
Adjusted* earnings per share – basic	5	1.9p	0.2p	(0.3)p
Earnings/(loss) per share – diluted	5	1.8p	(4.0)p	(44.7)p
Adjusted* earnings per share - diluted	5	1.9p	0.2p	(0.3)p

*adjusted basic and diluted earnings per share are calculated using the profit for the period adjusted for highlighted items (note 6).

The comparative period has been adjusted to reflect a reclassification of £154,000 between revenue and costs of sales. For the period ended 28 December 2014 the share-based payment expense of £35,000 has been presented within other operating costs, rather than in highlighted items. Due to the immaterial nature of this change, the prior period comparative figures have not been adjusted. An analysis of the impact of this change can be found in Note 4.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Unaudited As at 27 December 2015 £'000</i>	<i>Unaudited As at 28 December 2014 £'000</i>	<i>Audited As at 28 June 2015 £'000</i>
Non-current assets			
Intangible assets	4,309	5,465	4,308
Property, plant & equipment	4,154	8,697	4,537
Deferred tax assets	-	203	-
	<u>8,463</u>	<u>14,365</u>	<u>8,845</u>
Current assets			
Inventories	414	556	395
Trade and other receivables	1,171	1,995	1,204
Cash and cash equivalents	1,413	1,209	976
	<u>2,998</u>	<u>3,760</u>	<u>2,575</u>
TOTAL ASSETS	<u>11,461</u>	<u>18,125</u>	<u>11,420</u>
EQUITY			
Issued share capital	4,056	3,231	3,231
Share premium	8,918	8,093	8,093
Merger reserve	(1,575)	(1,575)	(1,575)
Other reserve	155	112	130
Retained earnings	(5,674)	(689)	(5,950)
Equity attributable to equity shareholders of the parent	<u>5,880</u>	<u>9,172</u>	<u>3,929</u>
TOTAL EQUITY	<u>5,880</u>	<u>9,172</u>	<u>3,929</u>
LIABILITIES			
Current liabilities			
Trade and other payables	3,388	4,261	3,088
Other financial liabilities	-	671	176
Provisions	249	45	374
	<u>3,637</u>	<u>4,977</u>	<u>3,638</u>
Non-current liabilities			
Deferred tax liability	-	659	-
Other financial liabilities	1,580	3,317	3,489
Provisions	364	-	364
	<u>1,944</u>	<u>3,976</u>	<u>3,853</u>
TOTAL LIABILITIES	<u>5,581</u>	<u>8,953</u>	<u>7,491</u>
TOTAL EQUITY AND LIABILITIES	<u>11,461</u>	<u>18,125</u>	<u>11,420</u>

Eclectic Bar Group Plc

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital £'000	Share premium £'000	Other reserves £'000	Merger reserve £'000	Retained earnings/ (deficit) £'000	Total shareholders' equity £'000
At 28 June 2015	3,231	8,093	130	(1,575)	(5,950)	3,929
Issue of share capital	825	825	-	-	-	1,650
Share-based payments charge	-	-	25	-	-	25
Profit for the period	-	-	-	-	276	276
At 27 December 2015	4,056	8,918	155	(1,575)	(5,674)	5,880

	Issued share capital £'000	Share premium £'000	Other reserves £'000	Merger reserve £'000	Retained earnings/ (deficit) £'000	Total shareholders' equity £'000
At 29 June 2014	3,231	8,093	77	(1,575)	146	9,972
Share-based payments charge	-	-	35	-	-	35
Loss for the period	-	-	-	-	(512)	(512)
Dividends paid	-	-	-	-	(323)	(323)
At 28 December 2014	3,231	8,093	112	(1,575)	(689)	9,172

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited 26 weeks to 27 December 2015 £'000	Unaudited 26 weeks to 28 December 2014 £'000	Audited 52 weeks to 28 June 2015 £'000
Operating activities			
Profit/(loss) before tax	276	(525)	(6,243)
Net finance costs	65	95	178
<u>Adjustments to reconcile profit before tax to net cash flows:</u>			
Depreciation of property, plant and equipment	570	962	1,868
Impairment of intangible assets	-	-	1,156
Impairment of tangible fixed assets	-	-	2,854
Write down of tangible fixed assets	-	-	221
Loss on disposal of property, plant and equipment	-	239	566
Share-based payment expense	25	35	54
<u>Working capital adjustments:</u>			
(Increase)/decrease in inventories	(19)	(100)	60
Decrease/(increase) in trade and other receivables	30	(345)	446
(Decrease)/increase in trade and other payables	(3)	970	508
Interest paid	(63)	(102)	(192)
Income tax paid	-	-	-
Net cash flow from operating activities	881	1,229	1,476
Investing activities			
Purchase of property, plant and equipment, and intangible assets	(185)	(1,657)	(1,935)
Proceeds from disposal of property, plant and equipment	-	30	174
Net cash flows used in investing activities	(185)	(1,627)	(1,761)
Financing activities			
Proceeds from borrowings	-	1,800	1,800
Repayment of borrowings	(1,900)	(325)	(650)
Proceeds from issue of shares	1,650		
Dividends paid	-	(323)	(323)
Capital element on finance lease rental payments	(9)	(6)	(27)
Net cash flows used in financing activities	(259)	1,146	800
Net increase in cash and cash equivalents	437	748	515
Cash and cash equivalents at beginning of period	976	461	461
Cash and cash equivalents at period end date	1,413	1,209	976

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Eclectic Bar Group Plc (the 'Group') is a public limited company incorporated and domiciled in England and Wales. The registered office of the Group is 36 Drury Lane, London, WC2B 5RR. The registered company number is 08687172.

The Group's principal activity is the management and operation of late night bars and restaurants across the United Kingdom. The Group carries out business under the trade names of Embargo Republica, Lola Lo, Sakura, Coalition, Lowlander, Po Na Na and Fez Club.

The principal accounting policies adopted by the Group are set out in Note 2.

2. ACCOUNTING POLICIES

The financial information for the six months ended 27 December 2015 and 28 December 2014 does not constitute statutory accounts for the purposes of S435 of the Companies Act 2006 and has not been audited. The Group's latest statutory financial statements were for the year ended 29 June 2015 and these have been filed with the Registrar of Companies.

Information that has been extracted from the June 2015 accounts is from the audited accounts included in the annual report, published in November 2015, on which auditors gave an unmodified opinion and did not include a statement under section 498 (2) or (3) of the Companies Act 2006. A copy of these accounts can be found on the Group's website, www.electicbars.co.uk.

The interim condensed consolidated financial statements for the six months ended 27 December 2015 have been prepared in accordance with the AIM Rules issued by the London Stock Exchange.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 28 June 2015, which were prepared in accordance with IFRS as adopted by the European Union.

The accounting policies used in preparation of financial information for the six months ended 27 December 2015 are the same accounting policies applied to the Group's financial statements for the year ended 28 June 2015. These policies were disclosed in the 2015 annual report, and are in accordance with International Financial Reporting Standards as adopted by the European Union.

3. GOING CONCERN

After reviewing the Group's performance, future forecasted performance and cash flows, as well as its ability to draw down on its facilities and the covenant requirements of those facilities, and after considering the key risks and uncertainties set out on pages 10-11 of the annual report, the Directors consider that the Group has sufficient resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group's financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. HIGHLIGHTED ITEMS

	<i>26 weeks ended 27 December 2015 £'000</i>	<i>26 weeks ended 28 December 2014 £'000</i>	<i>52 weeks ended 28 June 2015 £'000</i>
Acquisition, pre-opening and restructuring costs			
Acquisition costs	-	-	-
Site pre-opening costs	-	439	166
	-	439	166
Impairments, write downs and onerous lease provisions			
Impairment of intangible non-current assets*	-	-	1,156
Impairment of tangible non-current assets*	-	-	2,854
Loss on disposal of non-current assets*	-	-	569
Onerous lease provisions	-	-	710
	-	-	5,289
Restructuring, closure and legal costs			
Restructuring costs	7	98	208
Other closure costs and legal costs	18	-	69
	25	98	277
Total	25	537	5,732

The above items have been highlighted to give a better understanding of non-comparable costs included in the consolidated income statement for this period.

*These are non-cash items that are excluded from Group EBITDA.

The share-based payment charge of £35,000 for the period ended 28 December 2014 has been included in administrative expenses rather than in highlighted items. This is because these costs will be recurring in future years and are therefore no longer considered by management to be exceptional. The impact of this change on the income statement for the period ended 28 December 2014 is summarised in the table below. This adjustment has no impact on Group EBITDA.

	As per prior year interim accounts £'000	Adjusted £'000
Highlighted items	572	537
Operating profit before highlighted items	142	107
Profit before tax and highlighted items	47	12
Adjusted earnings per share (basic and diluted - pence per share)	0.5	0.2

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. EARNINGS PER SHARE

The weighted average number of shares in the period was:

	<i>26 weeks to</i> <i>27 December 2015</i>	<i>26 weeks to</i> <i>28 December 2014</i>	<i>52 weeks to</i> <i>28 June 2015</i>
	Thousands of shares	Thousands of shares	Thousands of shares
Ordinary shares	16,223	12,923	12,923
Basic shares	15,715	12,923	12,923
Dilutive effect on ordinary shares from share options	49	60	-
Diluted shares	15,764	12,983	12,923

Basic and diluted earnings per share are calculated by dividing the profit for the period into the weighted average number of shares for the year. In order to provide a measure of underlying performance, management have chosen to present an adjusted profit for the period, which excludes items that may distort comparability. Such items arise from events or transactions that fall within the ordinary activities of the Group but which management believes should be separately identified to help explain underlying performance.

On 30 July 2015, the Group issued 3,000,000 new 25p ordinary shares, which were subscribed to by Luke Johnson at a price of 50p per share. In addition, the Self Invested Pension Plans of Reuben Harley, Eclectic's Chief Executive Officer, and John Smith, Eclectic's Chief Financial Officer, subscribed to 150,000 new 25p ordinary shares (300,000 new ordinary shares in total) at the subscription price of 50p per share.

On the same date, the Group issued warrants to subscribe for up to 1,622,274 ordinary shares at a price of 60 Pence per ordinary share to Luke Johnson, who was appointed Chairman of the Group on 15 June 2015. These warrants can be exercised in up to two tranches, but must be exercised by 30 June 2019, after which time they will lapse. The authority to issue shares and to dis-apply pre-emption rights was also presented and approved by the shareholders at the General Meeting on 30 July 2015.

The above matters were presented and approved by the shareholders at the General Meeting on 30 July 2015, raising £1.65 million to fund the future development of the Group's business.

On 6 October 2015, the Group modified all unvested employee share options to a new exercise price of 63.5p (down from an original exercise price of either £1.60 or £1.70).

	<i>26 weeks to</i> <i>27 December</i> <i>2015</i>	<i>26 weeks to</i> <i>28 December</i> <i>2014</i>	<i>52 weeks to</i> <i>28 Jun</i> <i>2015</i>
Earnings/(loss) per share from profit/(loss) for the period			
Basic (pence)	1.8	(4.0)	(44.7)
Diluted (pence)	1.8	(4.0)	(44.7)
Adjusted earnings/(loss) per share from profit/(loss) for the period*			
Basic (pence)	1.9	0.2	(0.3)
Diluted (pence)	1.9	0.2	(0.3)

*The reclassification of the share-based payment charge (see Note 4) has reduced the prior period's adjusted basic and diluted earnings per share from 0.5 pence per share to 0.2 pence per share.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. TAX

There was no recognised tax charge for the six month period as there were sufficient losses carried forward to offset against the charge. Legislation to reduce the UK main rate of corporation tax from 23% to 21% with effect from 1 April 2014 and to 20% with effect from 1 April 2015, was enacted in July 2013. In his budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020.

7. RECONCILIATION TO EBITDA

Group profit before tax can be reconciled to Group EBITDA as follows:

	<i>26 weeks to 28 December 2015 £'000</i>	<i>26 weeks to 29 December 2014 £'000</i>	<i>52 weeks to 28 June 2015 £'000</i>
Profit/(loss) before tax for the year	276	(525)	(6,243)
Add back depreciation	570	962	1,868
Add back net interest paid	65	95	178
Add back fixed asset write downs not in highlighted items	-	-	221
Add back share-based payment charge	25	35	54
Add back highlighted items	25	537	5,732
Group EBITDA before highlighted items	961	1,104	1,810