

**GIOMA RESTAURANTS PLC
INTERIM REPORT FOR THE 6 MONTHS ENDED 30 JUNE 2000**

FINANCIAL HIGHLIGHTS

	6 months ended 30 June 00	6 months ended 30 June 99	% Change
Turnover	£10.986m	£2.257m	+387
Profit before tax (before goodwill and pre-opening expenses)	£1.370m	£0.213m	+544
Profit before tax	£0.804m	£0.098m	+720
Earnings per share	0.76p	0.37p	+105
Earnings per share (before goodwill and pre-opening expenses)	1.61p	0.95p	+69

- 5 restaurants completed since the beginning of the year, 6 under construction and 4 in the planning phase
- Strong sales performance
- Net cash of £5.791m available for expansion

Chairman and Chief Executive Zeev Godik said,

“These interim results show strong performance against a programme of expansion, refurbishment and the integration of last year’s acquisition. Our rollout continues according to plan and sales are in line with management expectations.”

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Chairman's Statement

The first six months of this year have seen a strong financial performance and a positive step towards achieving our dynamic growth objectives. The 23 restaurants acquired at the end of 1999 have been successfully integrated and the improved earnings and benefits of scale are evident. The new restaurants that opened are performing according to expectations and we remain well placed to achieve the objective for new openings established for this year. Like for like trading in existing restaurants open for more than one year continues to be positive.

Financial performance

Turnover for the group has increased significantly to £10.986m (1999:£2.257m). These figures include 6 months of last November's acquisition, however, based on proforma figures, combined Group sales were up 20%.

Profit before taxation for the Group was up to £0.804m (1999:£0.098) and excluding goodwill and pre-opening expenses up to £1.370m (1999: £0.213). Earnings per share are up 105% to 0.76p (1999 0.37p) and excluding goodwill and pre-opening expenses up 69% to 1.61p (1999:0.95p).

Our cash position continues to be strong with £5.791m in net funds available. Capital expenditure on new restaurants and refurbishments in the period was £3.076m.

Review of Operations

As of 30th June 2000 Gioma Restaurants Plc operated 30 restaurants in 3 countries: 5 in the UK, 18 in The Netherlands and 7 in Switzerland.

The sales trend was positive in the period and in line with management expectations. Across all countries like for like sales for the first half of the year were up 5.6%. There was a very strong sales performance in all restaurants in London and The Netherlands compared to last year. Overall sales in Switzerland were broadly flat, but the new Down Mexico Way in Zurich, which opened in December, has made an encouraging start and finished the half year strongly.

The 23 restaurants acquired in The Netherlands and Switzerland continue to perform well and the ongoing refurbishment programme will have a greater effect on second half year sales.

In the period, 1 new and 1 relocated restaurant were opened in The Netherlands and are trading in line with management expectations. We have begun construction at 9 restaurant locations in The Netherlands, UK and Switzerland which are scheduled to open in the second half of this year. In addition, we have another 4 projects in the pipeline to open in the first half of 2001.

Expansion and new restaurant openings

The Company remains focused on two distinct brands: The Gaucho Grill – Argentinian style restaurants (28 units) and Down Mexico Way (2) – Latin style restaurant/bar.

Our aggressive rollout program is on schedule and includes the following 13 projects:

- 7 Gaucho Grills opening in the second half of this year: Manchester, London (Canary Wharf, and Sloane Avenue), Rotterdam, Amsterdam (2) and Zurich.
- 2 Down Mexico Ways will also be opened in Rotterdam and Utrecht before the end of the year.
- 4 projects in the pipeline for the beginning of next year: 3 Gaucho Grills in Groningen, Den Bosch and Eindhoven and 1 Down Mexico Way in Manchester.

Outlook

Trading since June has continued to be strong. We are greatly encouraged by our ongoing trading performance and the continuing success of our restaurant expansion strategy. We have a strong, experienced management team and the funding available to expand the Company rapidly into one of the UK's leading European restaurant groups.

Zeev Godik
Chairman and Chief executive
4 September 2000

GIOMA RESTAURANTS PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTHS ENDED 30 JUNE 2000

	Notes	6 months to 30 June 2000 Continuing operations (Unaudited) £	6 months to 30 June 1999 Continuing operations (Audited) £	Year to 31 December 1999 Continuing operations Acquisitions £		Total (Audited) £
Turnover	2	10,986,490	2,257,376	6,366,795	1,410,474	7,777,269
Cost of sales		(6,725,533)	(1,291,513)	(3,581,598)	(807,347)	(4,388,945)
Gross profit		<u>4,260,957</u>	<u>965,863</u>	<u>2,785,197</u>	<u>603,127</u>	<u>3,388,324</u>
Administrative expenses		(3,259,791)	(821,939)	(2,075,811)	(335,839)	(2,411,650)
Other operating income		196,205	22,311	36,774	-	36,774
Operating profit before amortisation of goodwill and pre-opening expenses		<u>1,197,371</u>	<u>166,235</u>	<u>746,160</u>	<u>267,288</u>	<u>1,013,448</u>
Amortisation of goodwill		(369,092)	(102,014)	(204,029)	(54,147)	(258,176)
Pre-opening expenses		(196,195)	(12,468)	(66,158)	-	(66,158)
Operating profit		<u>632,084</u>	<u>51,753</u>	<u>475,973</u>	<u>213,141</u>	<u>689,114</u>
Interest receivable and similar income		224,493	46,389			136,122
Interest payable and similar charges		(52,261)	(63)			(7,195)
Profit on ordinary activities before taxation		<u>804,316</u>	<u>98,079</u>			<u>818,041</u>
Tax on profit on ordinary activities	3	(305,900)	(25,000)			(227,921)
Profit attributable to members of the parent company		<u>498,416</u>	<u>73,079</u>			<u>590,120</u>
Dividends (including non-equity)		-	(658)			(581)
Retained profit for the year	4	<u>498,416</u>	<u>72,421</u>			<u>589,539</u>
Earnings per share		<u>0.76p</u>	<u>0.37p</u>			<u>2.42p</u>
Restated earnings per share before allowing for the amortisation of goodwill and pre-opening expenses		<u>1.61p</u>	<u>0.95p</u>			<u>3.75p</u>

The notes on pages 8 to 11 form part of these financial statements.

GIOMA RESTAURANTS PLC
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE SIX MONTHS ENDED 30 JUNE 2000

	6 months to 30 June 2000 (Unaudited) £	6 months to 30 June 1999 (Audited) £	Year to 31 December 1999 (Audited) £
Profit attributable to members of the parent company	498,416	73,079	590,120
Exchange (loss)/gain on retranslation of net assets of subsidiary undertakings	(119,362)	99,431	161,739
Total recognised gains and losses for the year	<u>379,054</u>	<u>172,510</u>	<u>751,859</u>

The notes on pages 8 to 11 form part of these financial statements.

GIOMA RESTAURANTS PLC
CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2000

	Notes	30 June 2000 (Unaudited) £	30 June 1999 (Audited) £	31 December 1999 (Audited) £
Fixed assets				
Intangible assets		14,045,320	3,887,446	14,414,412
Tangible assets		15,877,234	4,641,365	13,239,590
Investments		18,480	18,480	18,480
		<u>29,941,034</u>	<u>8,547,291</u>	<u>27,672,482</u>
Current assets				
Stocks		463,809	59,303	488,443
Debtors		1,916,626	1,088,372	1,548,662
Investments		151,500	-	151,500
Cash at bank and in hand		7,759,065	2,236,742	10,044,589
		<u>10,291,000</u>	<u>3,384,417</u>	<u>12,233,194</u>
Creditors: amounts falling due within one year		(5,388,474)	(1,276,536)	(5,480,287)
Net current assets		<u>4,902,526</u>	<u>2,107,881</u>	<u>6,752,907</u>
Total assets less current liabilities		34,843,560	10,655,172	34,425,389
Creditors: amounts falling due after more than one year		(890,688)	(992,046)	(852,746)
Provisions for liabilities and charges		(793,233)	-	(792,058)
Net assets		<u>33,159,639</u>	<u>9,663,126</u>	<u>32,780,585</u>
Capital and reserves				
Called up share capital		6,593,209	1,970,105	6,593,209
Share premium account		23,082,856	5,167,927	23,082,856
Capital redemption reserve		1,731,195	1,731,195	1,731,195
Other capital reserves		312,862	312,862	312,862
Profit and loss account		1,439,517	481,037	1,060,463
Shareholders' funds	4	<u>33,159,639</u>	<u>9,663,126</u>	<u>32,780,585</u>

Approved by the board on 4 September 2000

Z Godik
Director

S P Van Tongeren
Director

The notes on pages 8 to 11 form part of these financial statements.

GIOMA RESTAURANTS PLC
CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2000

		6 months to 30 June 2000 (Unaudited) £	6 months to 30 June 1999 (Audited) £	Year to 31 December 1999 (Audited) £
	Notes			
Net cash inflow from operating activities				
Continuing operations		405,127	478,481	2,567,445
Acquisitions		-	-	1,350,083
	5	<u>405,127</u>	<u>478,481</u>	<u>3,917,528</u>
Returns on investments and servicing of finance	6	172,232	46,326	128,346
Taxation	6	(192,869)	-	(60,597)
Capital expenditure and financial investment	6	(3,075,839)	(738,693)	(4,391,314)
Acquisitions and disposals	6	-	-	161,316
		<u>(2,691,349)</u>	<u>(213,886)</u>	<u>(244,721)</u>
Net cash outflow before use of liquid resources and financing				
Management of liquid resources	6	2,200,000	467,143	(6,000,000)
Financing	6	348,698	-	7,778,742
		<u>(142,651)</u>	<u>253,257</u>	<u>1,534,021</u>
(Decrease)/increase in cash in the year				
Reconciliation of net cash flow to movement in net funds				
(Decrease)/increase in cash in the year		(142,651)	253,257	1,534,024
Cash (inflow)/outflow from (increase)/decrease in debt financing		(348,698)	194,185	(309,875)
Cash (inflow)/outflow from (decrease)/increase in liquid resources		(2,200,000)	(467,163)	6,000,000
		<u>(2,691,349)</u>	<u>(19,721)</u>	<u>7,224,149</u>
Change in net funds resulting from cash flows				
Exchange (loss)/gain on translation		(12,636)	-	154,552
Net funds at 1 January 2000		8,494,768	1,116,067	1,116,067
Net funds at 30 June 2000	7	<u>5,790,783</u>	<u>1,096,346</u>	<u>8,494,768</u>

The notes on pages 8 to 11 form part of these financial statements.

GIOMA RESTAURANTS PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2000

1 Accounting policies

The interim financial statements do not comprise full accounts within the meaning of the Companies Act 1985. However, they have been prepared on the basis of the accounting policies set out in the Company's financial statements at 31 December 1999.

The comparative figures for the six months ended 30 June 1999 and the year ended 31 December 1999 have been extracted from audited financial statements, on which the auditors have issued unqualified audit reports. The figures for the six months ended 30 June 2000 are unaudited. Full accounts for the year ended 31 December 1999 have been delivered to the Registrar of Companies.

The interim report is being sent to all registered shareholders and copies will be available to the public from the Company Secretary at the Company's registered office: Park Lorne, 111 Park Road, London NW8 7JL.

2 Turnover and segmental analysis

An analysis of the Group's single activity of operating restaurants by geographical area is as follows:

	Turnover			Profit/(loss) before tax		
	6 months to 30 June 2000 £	6 months to 30 June 1999 £	Year to 31 December 1999 £	6 months to 30 June 2000 £	6 months to 30 June 1999 £	Year to 31 December 1999 £
United Kingdom	4,235,086	2,257,376	6,294,729	789,685	200,211	858,473
Switzerland	3,052,533	-	722,088	(31,612)	(118)	134,560
The Netherlands	3,698,871	-	760,452	415,335	-	83,184
	<u>10,986,490</u>	<u>2,257,376</u>	<u>7,777,269</u>	<u>1,173,408</u>	<u>200,093</u>	<u>1,076,217</u>
Amortisation of goodwill				(369,092)	(102,014)	(258,176)
				<u>804,316</u>	<u>98,079</u>	<u>818,041</u>
				Net assets		
	30 June 2000 £	30 June 1999 £	31 December 1999 £			
United Kingdom	17,501,530	9,654,969	17,029,291			
Switzerland	4,727,302	8,157	4,955,088			
The Netherlands	10,930,807	-	10,796,206			
	<u>33,159,639</u>	<u>9,663,126</u>	<u>32,780,585</u>			

3 Taxation

The effective tax rate shown in the accounts is high at 38%. This is because profit before tax includes the write off of goodwill of £369,092 (1999: £102,014). After the exclusion of this non-cash item, the rate is 26% which is a more appropriate measure of the effective tax rate.

GIOMA RESTAURANTS PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2000

4 Reconciliation of movements in shareholders' funds

	30 June 2000	30 June 1999	31 December 1999
	£	£	£
Profit for the financial year	498,416	73,079	590,120
Dividends	-	(658)	(581)
	<u>498,416</u>	<u>72,421</u>	<u>589,539</u>
Other recognised gains and losses			
Exchange (loss)/gain	(119,362)	99,431	161,739
Ordinary share capital allotted	-	-	22,538,033
Preference share capital redeemed	-	(13,167)	(13,167)
	<u>379,054</u>	<u>158,685</u>	<u>23,276,144</u>
Net increase in shareholders' funds			
Opening shareholders' funds	32,780,585	9,504,441	9,504,441
Closing shareholders' funds	<u>33,159,639</u>	<u>9,663,126</u>	<u>32,780,585</u>

5 Reconciliation of operating profit to net cash inflow from operating activities

	6 months to 30 June 2000	6 months to 30 June 1999	Year to 31 December 1999		
	Continuing operations	Continuing operations	Continuing operations Acquisitions		Total
	£	£	£	£	£
Operating profit	632,084	51,753	421,826	267,288	689,114
Amortisation of goodwill	369,092	102,014	204,029	54,147	258,176
Depreciation of tangible fixed assets	428,912	135,776	312,683	36,037	348,720
Loss on disposal of tangible fixed assets	-	-	7,609	-	7,609
Decrease/(increase) in stock	35,389	6,258	(120,214)	(35,362)	(155,576)
(Increase)/decrease in debtors	(334,675)	165,117	246,323	160,742	407,065
(Decrease)/increase in creditors	(725,675)	17,563	1,495,189	867,231	2,362,420
	<u>405,127</u>	<u>478,481</u>	<u>2,567,445</u>	<u>1,350,083</u>	<u>3,917,528</u>
Net cash inflow from operating activities					

GIOMA RESTAURANTS PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2000

6 Analysis of cash flows for headings netted in the cash flow statement

	6 months to 30 June 2000 £	6 months to 30 June 1999 £	Year to 31 December 1999 £
Returns on investments and servicing of finance			
Interest received	224,493	46,326	136,122
Interest paid	(52,261)	(63)	(7,195)
Preference dividends paid	-	-	(581)
Net cash inflow from returns on investments And servicing of finance	<u>172,232</u>	<u>46,263</u>	<u>128,346</u>
Taxation			
Corporation tax paid	(192,869)	-	(60,597)
Net cash outflow from taxation	<u>(192,869)</u>	<u>-</u>	<u>(60,597)</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(3,075,839)	(765,943)	(4,418,564)
Sale of investments	-	27,250	27,250
Net cash outflow from capital expenditure and financial investment	<u>(3,075,839)</u>	<u>(738,693)</u>	<u>(4,391,314)</u>
Acquisitions and disposals			
Expenses incurred in acquiring subsidiary undertakings	-	-	(337,868)
Cash at bank and in hand acquired with subsidiary undertakings	-	-	499,184
Net cash inflow from acquisitions and disposals	<u>-</u>	<u>-</u>	<u>161,316</u>
Management of liquid resources			
Cash withdrawn from/(placed on) term deposit	2,200,000	467,143	(6,000,000)
Net cash inflow(outflow) from management of liquid resources	<u>2,200,000</u>	<u>467,143</u>	<u>(6,000,000)</u>
Financing			
Issue of ordinary shares	-	-	7,482,033
Redemption of preference shares	-	-	(13,167)
Debt due within one year:			
- new secured loan	404,858	-	426,373
- repayment of secured loan	(56,160)	-	(107,535)
Debt due after one year:			
- repayment of secured loan	-	-	(8,962)
Net cash inflow from financing	<u>348,698</u>	<u>-</u>	<u>7,778,742</u>

GIOMA RESTAURANTS PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2000

7 Analysis of net funds

	At 1 January 2000 £	Cash flow £	Exchange movement £	At 30 June 2000 £
Cash at bank and in hand	2,344,589	(141,830)	56,306	2,259,065
Overdrafts	(94,606)	(821)	(4,193)	(99,620)
		<u>(142,651)</u>		
Debt due within one year	(602,469)	(348,698)	(26,807)	(977,974)
Debt due after one year	(852,746)	-	(37,942)	(890,688)
		<u>(348,698)</u>		
Term deposits	7,700,000	(2,200,000)		5,500,000
Net funds	<u>8,494,768</u>	<u>(2,691,349)</u>	<u>(12,636)</u>	<u>5,790,783</u>