

TRAGUS

**HALF YEAR STATEMENT FOR THE SIX MONTHS
TO 23 NOVEMBER 2008**

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Tragus Group Limited (“Tragus”) is one of the UK’s largest casual dining restaurant chain operators with over 270 sites across the country, serving over 20 million meals every year. Tragus operates primarily under the Café Rouge, Bella Italia and Strada formats in the UK

Following the publication last September of the 2008 Annual Review for the year to the end of May 2008, I am pleased to provide a half yearly update on the performance of the Group to 23 November 2008 and a summary of further developments.

TRADING UPDATE

We have traded in line with Board expectations in what has been a tough economic climate for consumer led businesses with overall turnover growth of 9.0% in the first half of the year. In addition, there have also been significant input cost and inflationary pressures during this period which we have mitigated by re-tendering contracts and reviewing the range of products that we offer.

We have sought to address the tougher economic landscape through accelerated cost savings programmes and improved consumer value propositions. We have set menu deals for all key brands and have also undertaken a number of successful 2 for 1 offers with national media to encourage customer traffic during quieter trading days.

Following the end of the half year, the Christmas and New Year period for the four weeks ended 4th January 2009 saw a creditable performance with like for like sales in Tragus’s key brands of Café Rouge, Bella Italia and Strada (200 restaurants) falling by 3.3% in line with the more difficult economic climate. As we move into 2009 the outlook remains challenging across the sector.

STRATEGY UPDATE

In the half year, we have opened seven new restaurants – three Stradas in Sherwood Forest (Center Parc), Leeds and Newbury, a Bella Italia in Sheffield and three Café Rouges in Bristol, Liverpool and Holborn London which are trading well. In addition, we have reopened a Strada in Guildford following a lengthy closure after a fire.

We are planning to open a further 10 restaurants in the second half of the year including a Café Rouge in the North Terminal redevelopment at Gatwick, a Bella Italia in Bristol’s Cabot Square Development and a Strada in Stratford Upon Avon.

The menus in Café Rouge and Bella Italia have been significantly redesigned with stronger graphical identities and an improved layout, giving greater prominence to specials and fixed price menus. We have been encouraged by the response to these changes and in Strada we have undertaken a comprehensive review of the menu and introduced a number of new dishes to complement traditional favourites.

In November Café Rouge won the Consumer Choice award at the Peach Network's Hero and Icon awards held in London. Each year, Peach Factory conducts research among a representative sample of over 2,000 adults, including asking which restaurant, pub and fast food brands they use and most importantly how they rate their "experience". We are pleased to see this award further highlighting the brand's enduring popularity as it enters its 20th anniversary year.

CORPORATE SOCIAL RESPONSIBILITY

Tragus acknowledges it has a role to play in contributing to and protecting the communities and environments in which it operates and we continued to drive forward a number of initiatives in this area.

Environment

We provide carbon neutral bottled water in our key brands and in addition Strada continues to provide complimentary filtered water to all customers and all brands will provide tap water upon request. In addition all restaurants will have switched over to low energy light bulbs by the end of the financial year and we are continuing to work towards implementing a recycling scheme in all of our restaurants.

Healthy eating

We understand the importance of providing customers with nutritional information concerning the meals in our restaurants. At present Café Rouge provides calorific information on its website and we are looking at the overall level of information across all our brands as well as the balance of choices on our menus.

Community

In November Bella Italia was involved in Children in Need's annual fundraising activities as part of its support for the charity. The brand held a competition to design a Pudsey pizza and the winning creation was sold in restaurants; £1 from every one sold was donated to Children in Need taking the total raised since June to over £12,000. Café Rouge also continued its support of Marie Curie and has raised over £16,000 since June 2008.

OUTLOOK

Conditions for the second half of the year and beyond will be challenging given the difficult consumer environment. We continue to face pressure on our input costs particularly in light of the decreasing value of Sterling against the Euro.

We will keep our menu offer under regular review with the aim of mitigating cost increases through continually developing and improving our menu choices, targeted marketing initiatives and the regular re-tendering of our contracts.

Longer term, we remain very positive about the casual dining market in the UK with changing socio-economic factors continuing to have a positive impact on dining patterns. These include more female and family friendly restaurants to accommodate the growing demand, shifts in work life balance, as well as an ageing population.

We feel well positioned in the current challenging economic environment with our range of popular brands and value for money offerings to take advantage of the favourable trends in casual dining.

Graham Turner
Chief Executive Officer

Background

Tragus Group Limited (“Tragus”) is one of the largest mid-market restaurant chain operators in the UK, with over 270 sites across the country serving over 20 million meals every year. Tragus operates primarily under the Café Rouge, Bella Italia and Strada formats in the UK.

www.tragusgroup.com

Café Rouge (104 sites), www.caferouge.co.uk

Café Rouge is the UK’s only established national French restaurant brand, with sites designed to provide the look and feel of a classic Parisian bistro and a menu that includes steak frites, moules and tarte tatin. Café Rouge is predominantly a high street brand but it also operates successfully within a retail and concessionary environment.

Bella Italia (80 sites), www.bellaitalia.co.uk

Bella Italia is an all-day Italian trattoria with a rustic ambience. Its restaurants are in prime locations predominantly on the high street but it also operates from leisure park sites. In addition to classic pizzas and pasta its broad menu also includes a range of grill, main courses, sandwiches and salads.

Strada (68 Sites), www.strada.co.uk

Strada is a group of contemporary Italian restaurants located on the high street serving good quality, simple, freshly prepared dishes using the finest seasonal produce available. The menu offers hand stretched pizzas, fresh pastas, risotto and grilled meat and fish dishes.

Brasseries (20 sites)

Tragus also operates restaurants under the brands Belgo, Ortega, Huxleys Bar and Kitchen, Amalfi, Oriel, Potters and Abbaye.