

Richoux Group plc

Final results for the 52 weeks ended 27 December 2015

Richoux Group plc, the owner and operator of 21 restaurants under the Richoux, Dean's Diner and Villagio brands, today announces its audited final results for the year ended 27 December 2015.

Key points:

- Turnover increased 2.7% to £13.03 million (2014: £12.68 million).
- Adjusted* EBITDA increased 0.4% to £1.64 million (2014: £1.63 million).
- Three new restaurants opened in the year. Three further sites have been secured for 2016, one of which opened in February 2016.
- Currently twenty-one restaurants trading.
- Cash of £4.40 million at year end (2014: £3.95 million).

* excluding pre opening costs, impairment, and onerous lease provision.

Philip Shotter, Chairman of Richoux Group plc said:

"This solid set of results, which show a marginal increase in EBITDA, reflect the on-going development of the Group. Three restaurants opened during the period with an additional restaurant already open now this year; two further sites to open during the coming year, and another site secured for 2017, with all of these restaurants being funded from the Group's cash flow and significant cash reserves".

11 April 2016

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Chairman's Review

Results

Revenue for the 52 week period ended 27 December 2015 increased 2.7 per cent on the 52 week period ended 28 December 2014 to £13,027,000 (2014: £12,679,000). Adjusted EBITDA before pre-opening costs, impairment and onerous lease provision increased 0.4 per cent to £1,641,000 (2014: £1,634,000). Adjusted operating profit before pre-opening costs, impairment and onerous lease provision increased 4.1 per cent to £912,000 (2014: £876,000). Pre-opening costs for the period were £181,000 (2014: £35,000). The net profit for the period was £365,000 (2014: £420,000).

The Directors are not recommending the payment of a dividend.

Operations

The Group currently has twenty-one restaurants which operate under the Richoux, Dean's Diner, and Villagio brands. Further details on each of the brands are set out below.

Richoux

Richoux is an all day cafe and brasserie established in London in 1909.

The Group currently has five Richoux restaurants in Knightsbridge, Mayfair, Piccadilly and St John's Wood and a new restaurant in Gloucester Arcade off Gloucester Road in London which opened in August 2015.

Dean's Diner

Dean's Diner is a classic 1950's inspired American Diner.

The Group currently has eight Dean's Diner restaurants - the existing restaurants in Chatham, Port Solent, Braintree, Fareham, Bicester, Trowbridge and new restaurants in Hempstead Valley; which opened in June 2015 and Orpington; which opened in February 2016. The Group took possession of the new Dean's Diner in Yate on 21 March 2016 and this is due to open in May 2016 and an agreement for lease has been exchanged for a new Dean's Diner in Bromley; which is due to open in 2017. An impairment charge of £0.26 million has been made against the restaurants in Bicester and Trowbridge.

Villagio Ristorante

Villagio Ristorante is a modern local Italian family restaurant, delivering a good quality family dining experience.

The Group currently has seven Villagio restaurants in Andover, Basildon, Hammersmith, Chislehurst, Chatham, the rebranded restaurant in Port Solent and a new restaurant in High Wycombe; which opened in December 2015. The Group has also entered into an agreement to take a lease for a new Villagio restaurant in Canterbury which is due to open in May 2016. An impairment charge of £0.06 million has been made against the restaurant in Port Solent and £0.21 million has been made against the restaurant in High Wycombe, which the Group had to take a reassignment of pursuant to an authorised guarantee agreement entered into when the Group assigned its lease in 2012.

The Group also has one Italian restaurant trading as Zippers Bar, Restaurant and Grill in Chatham following the rebranding during the period of the Zippers restaurant in Port Solent as a Villagio restaurant.

Cash flow and capital expenditure

At 27 December 2015 the Group held cash of £4.40 million (2014: £3.95 million).

Capital expenditure of £1.69 million was incurred in the period; on the fit out of the new restaurants, fees for the agreements for lease entered into for the new sites due to open in 2016, and some replacement equipment in the existing sites.

Chairman's Review *(continued)*

Staff

I would like to take the opportunity to thank all our staff for the continued commitment and enthusiasm they have shown in 2015.

Outlook

The Group is well placed to continue its development this year. One site has already opened and two further sites have been secured, for openings during the year which, with another site already secured for 2017, will push the Group's number of sites close to the 25 mark. The increased cash reserves of £4.40 million means that the Group is well placed to fund not only these openings but also a number of other restaurants, once appropriate sites have been identified.

Philip Shotter

Chairman

11 April 2016

Strategic Report

Business review and key performance indicators

Revenue has continued to grow and adjusted EBITDA has been maintained at £1.64 million (2014: £1.63 million). As expected, profit after tax is down on the prior year at £0.37 million (2014: £0.42 million). This decrease largely reflects the impairment charge incurred in the year of £0.53 million, up from £0.28 million in 2014, the reversal of the onerous lease provision of £0.15 million, and pre-opening costs of £0.18 million, up from £0.04 million in 2014.

The Directors utilise a number of detailed performance indicators to manage the business. The focus in the Income Statement is on sales and operating profit compared to budget and the prior year. In the Statement of Financial Position the focus is on managing working capital.

The Directors recognise the importance of customer relations and staff are extensively trained in this regard. Performance is monitored by reference to results of regular mystery diner visits and staff bonus calculations take into account these results and other customer feedback.

Principal uncertainties and risks

Economic conditions

Deterioration in consumer confidence due to future economic conditions could have a detrimental impact on the Group in terms of sales and footfall. This risk is mitigated by the positioning the Group's brands in the affordable casual dining market, constantly reviewing pricing to ensure it is competitive, and continued focus on customers with targeted and adaptable marketing. There is also uncertainty surrounding the forthcoming EU referendum in June 2016.

Cost inflation

The Group's key variable costs are the costs of food and labour both of which face inflationary pressures in the medium term. The Group monitors its food supply chain closely, regularly reviewing food costs and implementing a variety of strategies to mitigate the impact of price increases. The Group closely monitors labour costs and uses a number of initiatives to control costs. There are also labour cost pressures which are outside the control of the Group such as the recently introduced living wage and minimum wage increases which are suffered by both the Group and its competitors.

Strategic risks

The acquisition of suitable and well located new sites in order to continue the Group's expansion is proving to be demanding. The Group has a strong and experienced property acquisition team with good relationships with external agents and advisers.

Brand development risks

There are a number of inherent risks in developing new brands. However the Group has a strong team with a proven track record in developing new brands.

Future development

The Group will continue to acquire new sites, particularly focusing on its Dean's Diner and Richoux concepts as these are perceived to offer the greatest scope for development within what is an evolving and increasingly congested restaurant market. The Group will also consider further Villagio openings if the right sites become available.

Central to our expansion are our people. Recognising the importance of staff training and development the Group has established a training academy and is investing in the operational team and training for future growth.

On behalf of the Board

Salvatore Diliberto

Director

11 April 2016

Richoux Group plc
Consolidated statement of comprehensive income

for the 52 week period ended 27 December 2015

	<i>Notes</i>	52 week period ended 27 December 2015 £000	52 week period ended 28 December 2014 £000
Revenue		13,027	12,679
Cost of sales:			
Excluding pre-opening costs		(11,612)	(11,220)
Pre-opening costs		(181)	(35)
Total cost of sales		(11,793)	(11,255)
Gross profit		1,234	1,424
Administrative expenses		(506)	(583)
Other operating income		3	-
Operating profit before impairment		731	841
Impairment of intangible assets	6	(1)	(6)
Impairment of property, plant and equipment	7	(526)	(274)
Onerous lease provision		150	(150)
Operating profit		354	411
Finance income		11	9
Profit before taxation	3	365	420
Taxation		-	-
Profit and total comprehensive profit for the period		365	420
Profit and total comprehensive profit attributable to equity holders of the parent		365	420
Profit and total comprehensive profit per share:			
Profit per share	4	0.4p	0.5p
Diluted profit per share	4	0.4p	0.4p

Richoux Group plc
Consolidated statement of changes in equity

For the 52 week period ended 27 December 2015

	Share capital £000	Share premium account £000	Profit and loss account £000	Total £000
At 29 December 2013	3,681	12,242	(7,930)	7,993
Profit for the period	-	-	420	420
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive profit	-	-	420	420
	<hr/>	<hr/>	<hr/>	<hr/>
Credit to equity for equity settled share based payments	-	-	27	27
	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by owners of the Company, recognised directly in equity	-	-	27	27
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 December 2014	3,681	12,242	(7,483)	8,440
Profit for the period	-	-	365	365
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive profit	-	-	365	365
	<hr/>	<hr/>	<hr/>	<hr/>
Credit to equity for equity settled share based payments	-	-	46	46
New share capital subscribed	3	7	-	10
	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by owners of the Company, recognised directly in equity	3	7	46	56
	<hr/>	<hr/>	<hr/>	<hr/>
At 27 December 2015	3,684	12,249	(7,072)	8,861
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Richoux Group plc
Consolidated statement of financial position

at 27 December 2015

	<i>Notes</i>	2015 £000	2014 £000
Assets			
Non-current assets			
Goodwill	6	234	234
Other intangible assets	6	70	72
Property, plant and equipment	7	6,367	5,953
Trade and other receivables		-	40
		<hr/>	<hr/>
Total non-current assets		6,671	6,299
		<hr/>	<hr/>
Current assets			
Inventories		215	198
Trade and other receivables		893	691
Cash and cash equivalents		4,402	3,947
		<hr/>	<hr/>
Total current assets		5,510	4,836
		<hr/>	<hr/>
Total assets		12,181	11,135
		<hr/>	<hr/>
Liabilities			
Current liabilities			
Trade and other payables		(2,894)	(2,172)
Provisions		-	(150)
		<hr/>	<hr/>
Total current liabilities		(2,894)	(2,322)
		<hr/>	<hr/>
Non-current liabilities			
Trade and other payables		(426)	(373)
		<hr/>	<hr/>
Total non-current liabilities		(426)	(373)
		<hr/>	<hr/>
Total liabilities		(3,320)	(2,695)
		<hr/>	<hr/>
Net assets		8,861	8,440
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Share capital		3,684	3,681
Share premium account		12,249	12,242
Retained earnings		(7,072)	(7,483)
		<hr/>	<hr/>
Total equity		8,861	8,440
		<hr/> <hr/>	<hr/> <hr/>

Richoux Group plc
Consolidated statement of cash flows

for the 52 week period ended 27 December 2015

	<i>Notes</i>	52 week period ended 27 December 2015 £000	52 week period ended 28 December 2014 £000
Operating activities			
Cash generated from operations	8	1,767	1,486
Interest paid		-	-
		<hr/>	<hr/>
Net cash from operating activities		1,767	1,486
		<hr/>	<hr/>
Investing activities			
Purchase of property, plant and equipment		(1,307)	(1,816)
Purchase of intangible fixed assets		(26)	(27)
Net proceeds from sale of property, plant and equipment		-	286
Interest received		11	9
		<hr/>	<hr/>
Net cash (used in)/from investing activities		(1,322)	(1,548)
		<hr/>	<hr/>
Financing activities			
Proceeds from issue of ordinary shares		10	-
		<hr/>	<hr/>
Net cash from financing activities		10	-
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		455	(62)
Cash and cash equivalents at the beginning of the period		3,947	4,009
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period		4,402	3,947
		<hr/> <hr/>	<hr/> <hr/>

Notes

1. The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The financial statements have been prepared on the historical cost basis.
2. The financial information set out above does not constitute the Company's statutory accounts for the periods ended 28 December 2014 or 27 December 2015 but it is derived from those accounts. Statutory accounts for 28 December 2014 have been delivered to the Registrar of Companies and those for 27 December 2015 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006.
3. Business segments

Based on the financial information which is monitored by the board, which comprises the chief operating decision maker as defined in IFRS 8, the Group has three reportable business segments based around its core restaurant brands, Dean's Diner, Villagio and Richoux. All brands are engaged in the restaurant trade so derive their revenues and results from similar products and services. There are no geographical segments and there are no major customers.

Occasionally the Group also receives franchise income, however this is not considered to be a significant business segment and the Group has no control over the timing of this income. Franchise income is reported under other operating income.

The Group sublet part of one and the whole of another of its leased properties and receives sublease payments from third parties.

For the 52 week period ended 27 December 2015

	Dean's Diner	Villagio	Richoux	Un- allocated	Total
	£000	£000	£000	£000	£000
Revenue	3,753	4,787	4,487	-	13,027
Segment gross profit/(loss)	217	633	626	(242)	1,234
Administrative expenses	-	-	-	(506)	(506)
Other operating income	-	-	-	3	3
Impairment of intangible assets	-	(1)	-	-	(1)
Impairment of property, plant and equipment	(257)	(269)	-	-	(526)
Onerous lease provision	-	-	-	150	150
Finance income	-	-	-	11	11
(Loss)/profit before taxation	(40)	363	626	(584)	365
Non current assets as at 28 December 2014	2,590	2,609	1,004	96	6,299
Additions	619	295	767	10	1,691
Transfers	-	3	(3)	-	-
Depreciation and amortisation	(271)	(303)	(125)	(30)	(729)
Impairment of intangible assets	-	(1)	-	-	(1)
Impairment of property, plant and equipment	(257)	(269)	-	-	(526)
Disposals	(3)	(15)	(3)	(2)	(23)
Transfer to current assets	(40)	-	-	-	(40)
Non current assets as at 27 December 2015	2,638	2,319	1,640	74	6,671

The unallocated segment loss includes the costs of the restaurant area management; unallocated administrative expenses include the costs of the Group's head office.

4. Earnings per share

The calculation of the basic and diluted profit per share is based on the following data:

	27 December 2015 £000	28 December 2014 £000
Profit		
Profit for the purposes of basic profit per share being the net profit attributable to equity holders of the parent	365	420
	<hr/>	<hr/>
Number of shares		
Weighted average number of ordinary shares for the purposes of the basic profit per share	92,037,661	92,019,612
Effect of dilutive potential ordinary shares:		
Share options and warrants	2,042,134	2,564,456
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purposes of diluted profit per share	94,079,795	94,584,068
	<hr/>	<hr/>
Share options and warrants not included in the diluted calculations as per the requirements of IAS 33 (as they are anti-dilutive)	3,416,869	3,384,547
	<hr/>	<hr/>
Basic profit per share:		
From total operations	0.4p	0.5p
	<hr/>	<hr/>
Diluted profit per share:		
From total operations	0.4p	0.4p
	<hr/>	<hr/>

5. No dividend is proposed.

6. Intangible fixed assets

	Goodwill £000	Trademarks £000	Software £000	Total £000
Cost				
At 28 December 2014	269	23	161	453
Additions	-	1	25	26
Disposals	-	-	(16)	(16)
	<hr/>	<hr/>	<hr/>	<hr/>
At 27 December 2015	269	24	170	463
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated amortisation and impairment				
At 28 December 2014	35	7	105	147
Charge for the period	-	3	19	22
Impairment	-	-	1	1
Disposal	-	-	(11)	(11)
	<hr/>	<hr/>	<hr/>	<hr/>
At 27 December 2015	35	10	114	159
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount				
At 27 December 2015	234	14	56	304
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 28 December 2014	234	16	56	306
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Impairment testing of goodwill and intangible fixed assets

Goodwill of £269,000 (2014: £269,000) relates to the acquisition of Richoux Limited in August 2000 and is allocated to the group of cash generating units (CGUs) that comprise the business acquired (as described in note 3) with each restaurant site being treated as a single CGU.

The Group tests annually for impairment or more frequently if there are indications that the goodwill and intangible assets may be impaired. The recoverable amounts of the restaurants are calculated from value in use calculations based on cash flow projections from formally approved budgets to December 2016, and forecasts to December 2020 based on a sales growth rate of 2 per cent for established sites. The discount rate applied to cash flow projections is 10 per cent (2014: 10 per cent).

An impairment charge of £1,000 has been recognised in relation to the unrecoverable elements of the assets of one Villagio restaurant (2014: £6,000 in relation to the unrecoverable elements of the assets of two Villagio restaurants following the decision to dispose of these restaurants). The value in use of the remaining restaurants is higher than the carrying value.

7. Property, plant and equipment

	Short leasehold land and buildings £000	Fixtures, fittings and equipment £000	Total £000
Cost			
At 28 December 2014	7,551	3,297	10,848
Additions	1,131	534	1,665
Disposals	(17)	(88)	(105)
	<hr/>	<hr/>	<hr/>
At 27 December 2015	8,665	3,743	12,408
	<hr/>	<hr/>	<hr/>
Accumulated depreciation and impairment			
At 28 December 2014	3,069	1,826	4,895
Charge for period	296	411	707
Impairment	443	83	526
Disposals	(17)	(70)	(87)
	<hr/>	<hr/>	<hr/>
At 27 December 2015	3,791	2,250	6,041
	<hr/>	<hr/>	<hr/>
Carrying amount			
At 27 December 2015	4,874	1,493	6,367
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At 28 December 2014	4,482	1,471	5,953
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Impairment testing of property, plant and equipment

The Group considers each trading restaurant to be a cash-generating unit (CGU) and each CGU is reviewed when there are indications of impairment.

The recoverable amounts of the restaurants are calculated from value in use calculations based on cash flow projections from formally approved budgets to December 2016, and forecasts to December 2020 based on a sales growth rate of 2 per cent for established sites. The discount rate applied to cash flow projections is 10 per cent (2014: 10 per cent).

An impairment charge of £526,000 has been recognised £257,000 in relation to the unrecoverable elements of the assets of two Dean's Diner restaurants, and £269,000 in relation to the unrecoverable elements of the assets of two Villagio restaurants (2014: £274,000; £184,000 in relation to the unrecoverable elements of the assets of two Villagio restaurants following the decision to dispose of these restaurants, and £90,000 in relation to one underperforming Zippers restaurant). The value in use of the remaining restaurants is higher than the carrying value.

The Board has conducted a sensitivity analysis taking into consideration the impact on impairment test assumptions where there is a decrease of 10% on the forecast cash flows. The sensitivity analysis shows that an additional impairment charge of £235,000 (2014: £105,000) would result from this scenario.

8. Reconciliation of operating profit to operating cash flows

	52 week period ended 27 December 2015 £000	52 week period ended 28 December 2014 £000
Operating profit	354	411
Loss on disposal of intangible assets	5	-
Loss on disposal of property, plant and equipment	18	24
Depreciation charge	707	736
Amortisation charge	22	22
Impairment of intangible fixed assets	1	6
Impairment of property, plant and equipment	526	274
Increase in stocks	(17)	(3)
Increase in debtors	(162)	(25)
Increase in creditors	267	14
Equity settled share based payments	46	27
	<hr/>	<hr/>
Net cash inflow from operating activities	1,767	1,486
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9. Post balance sheet events

On 21 March 2016 the Group took possession of the new unit in Yate, Gloucestershire pursuant to the agreement for lease entered into on 31 October 2014 at a rent of £50,000 per annum. On 14 March 2016 the Group entered into an agreement for a new sixteen year lease for a new restaurant in Canterbury, Kent at a rent of £66,500 per annum for a premium of £165,000.

10. Related party transactions

During the period the Group paid professional fees for legal services of £45,000 (2014: £50,000) to Glovers Solicitors LLP of which Philip Shotter is a member. As at the end of the period £5,000 (2014: £nil) was outstanding. This is in addition to fees included as Directors' emoluments.

The Group has a group VAT registration and the representative Company, Richoux Group plc, pays the net VAT for the Group.

The Group has a group insurance policy which is paid by Richoux Group plc.

Transactions with Directors

Directors' emoluments

	2015 £000	£2014 £000
Short term employee benefits	280	273
Share based payments	25	14
	<hr/>	<hr/>
	305	287
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11. Report and accounts

Copies of the annual report and accounts will be posted to the shareholders shortly and will be available at www.richouxgroup.co.uk.

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