

# Richoux Group plc

## Final results for the 52 weeks ended 26 December 2010

Richoux Group plc, the owner and operator of 13 restaurants under the Richoux, Zippers and Dean's Diner brands, today announces its final results for the year ended 26 December 2010.

	52 weeks ended 26 December 2010 £m	52 weeks ended 27 December 2009 £m
Turnover from continuing operations	5.84	5.02
Gross profit from continuing operations	0.61	0.14
Operating profit/(loss) on continuing operations before impairment	0.14	(0.30)
Profit/(loss) attributable to shareholders from continuing and discontinued operations	0.51	(1.52)

### Key points:

- Seven new restaurants opened during the period.
- Currently thirteen restaurants trading.
- Dean's Diner, a 1950s style American Diner concept launched.
- Small operating profit of £0.14 million.
- Cash of £3.61 million held at year end.

**Philip Shotter**, Chairman of Richoux Group plc said:

***"The core Richoux business remains profitable and continues to trade in line with expectations. The Company has undergone relatively significant expansion during the year, opening seven new restaurants and rebranding an existing site under its Zippers and Dean's Diner concepts. A measured development of both concepts is envisaged to further assess their suitability for wider roll-out."***

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## **Results**

Group turnover from continuing operations for the 52 week period ended 26 December 2010 increased to £5.84 million (*2009: £5.02 million*) following the opening of the new Zippers and Dean's Diner restaurants. Gross profit from continuing operations improved to £0.61 million (*2009: £0.14 million*). There was an increase in the total Group restaurants' gross profit before pre-opening costs percentage from 4.6 per cent to 14.7 per cent during the year. This increase was due to the contribution made by the new Zippers and Dean's Diner restaurants and the closure of underperforming restaurants. Administrative expenses for continuing operations (before impairment and onerous lease provision) of £0.47 million (*2009: £0.44 million*) were in line with expectations.

In October 2010 the Group raised £2 million (£1.96 million net of expenses) through a successful placing of new shares at 8 pence per share to fund the growth of the Group.

The Directors are not recommending the payment of a dividend.

## **Operations**

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

### ***Richoux***

Richoux restaurants operate in prestigious areas of central London and offer all day dining.

The Group currently has four Richoux restaurants. These restaurants continue to trade in line with expectations. The restaurant in Knightsbridge was refurbished at the beginning of the period and has benefitted from an increase in trade.

### ***Zippers***

Zippers is a spacious, stylish and contemporary family restaurant that offers an extensive range of dishes to suit all tastes.

The Group currently has four Zippers restaurants. The original Zippers restaurant in Chatham continues to trade in line with expectations. Three further Zippers restaurants were opened in Andover in September 2010, and Barnet and Bexhill-on-Sea both in December 2010.

### ***Dean's Diner***

Dean's Diner is a 1950s American Diner style concept which opened its first sites during the period.

To date five Dean's Diners have been opened. The first Dean's Diner (previously Frankie's Easy Diner) restaurant was opened in Chatham in July 2010. The Group has opened new sites in High Wycombe in November 2010 (following the rebranding of an existing site owned by the Group) and in Basingstoke, Basildon and Slough, all in December 2010. The Group has recently acquired two further sites in Port Solent and Braintree which are expected to open in June 2011 and October 2011 respectively.

## **Capital expenditure and cash flow**

The Board has sought to preserve the cash resources of the Group where possible. As at the end of the period under review the Group held cash of £3.61 million (*2009: £2.96 million*).

Capital expenditure of £3.32 million was incurred in the period predominantly on the refurbishment of the Richoux restaurant in Knightsbridge and the fitting-out of the new Zippers and Dean's Diner restaurants.

**Outlook**

The Group is continuing to gauge the potential for its Zippers and Dean's Diner concepts. A further measured expansion of both Zippers and Dean's Diner is envisaged where suitable sites can be found. The Group will also focus on developing and improving both concepts at the existing locations.

Philip Shotter  
Chairman

**Richoux Group plc**  
**Consolidated statement of comprehensive income**

for the 52 week period ended 26 December 2010

	<i>Notes</i>	<b>52 week period ended 26 December 2010 £'000</b>	52 week period ended 27 December 2009 £'000
<b>Revenue</b>		<b>5,844</b>	5,024
<b>Cost of sales:</b>			
Excluding pre-opening costs		<b>(4,986)</b>	(4,791)
Pre-opening costs		<b>(250)</b>	(93)
<b>Total cost of sales</b>		<b>(5,236)</b>	(4,884)
<b>Gross profit</b>		<b>608</b>	140
Administrative expenses		<b>(467)</b>	(439)
Other operating income		-	(1)
Operating profit/(loss) before impairment and onerous lease provision		<b>141</b>	(300)
Impairment of property, plant and equipment		-	(869)
Impairment of other intangible assets		-	(1)
Onerous lease provision		<b>333</b>	(400)
<b>Operating profit/(loss)</b>		<b>474</b>	(1,570)
Finance income		<b>32</b>	53
Finance expense		<b>(1)</b>	(2)
<b>Profit/(loss) before taxation</b>	<i>3</i>	<b>505</b>	(1,519)
Taxation		-	-
<b>Profit/(loss) for the period from continuing operations</b>		<b>505</b>	(1,519)
Profit for the period from discontinued operations		-	2
<b>Profit/(loss) and total comprehensive profit/(loss) for the period</b>		<b>505</b>	(1,517)
<b>Profit/(loss) and total comprehensive profit/(loss) attributable to equity holders of the parent</b>		<b>505</b>	(1,517)
<b>Profit/(loss) and total comprehensive profit/(loss) per share:</b>			
<b>From continuing operations:</b>			
Profit/(loss) per share	<i>4</i>	<b>1.1p</b>	(3.6)p
Diluted profit/(loss) per share	<i>4</i>	<b>1.1p</b>	(3.6)p
<b>From continuing and discontinued operations:</b>			
Profit/(loss) per share	<i>4</i>	<b>1.1p</b>	(3.6)p
Diluted profit/(loss) per share	<i>4</i>	<b>1.1p</b>	(3.6)p

**Richoux Group plc**  
**Consolidated statement of changes in equity**

For the 52 week period ended 26 December 2010

	<b>Share capital</b> £'000	<b>Share premium account</b> £'000	<b>Profit and loss account</b> £'000	<b>Total</b> £'000
At 28 December 2008	1,681	10,335	(6,047)	5,969
Loss for the period	-	-	(1,517)	(1,517)
Credit to equity for equity settled share based payments	-	-	48	48
	<hr/>	<hr/>	<hr/>	<hr/>
At 27 December 2009	1,681	10,335	(7,516)	4,500
Profit for the period	-	-	505	505
Credit to equity for equity settled share based payments	-	-	45	45
New share capital subscribed	1,000	1,000	-	2,000
New share capital issue costs	-	(40)	-	(40)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 26 December 2010</b>	<b>2,681</b>	<b>11,295</b>	<b>(6,966)</b>	<b>7,010</b>
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**Richoux Group plc**  
**Consolidated statement of financial position**

at 26 December 2010

	<i>Notes</i>	<b>26 December 2010 £'000</b>	27 December 2009 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	6	234	234
Other intangible assets	6	82	40
Property, plant and equipment	7	4,737	1,696
Investment property	7	787	787
Trade and other receivables		82	11
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>5,922</b>	2,768
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories		158	94
Trade and other receivables		587	327
Assets held for sale		-	126
Cash and cash equivalents		3,606	2,959
		<hr/>	<hr/>
<b>Total current assets</b>		<b>4,351</b>	3,506
		<hr/>	<hr/>
<b>Total assets</b>		<b>10,273</b>	6,274
		<hr/>	<hr/>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		(3,127)	(1,293)
Liabilities associated with assets held for sale		-	(34)
Provisions	8	-	(400)
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>(3,127)</b>	(1,727)
<b>Non-current liabilities</b>			
Trade and other payables		(136)	(47)
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>(3,263)</b>	(1,774)
		<hr/>	<hr/>
<b>Net assets</b>		<b>7,010</b>	4,500
		<hr/> <hr/>	<hr/> <hr/>
<b>Capital and reserves</b>			
Share capital		2,681	1,681
Share premium account		11,295	10,335
Retained earnings		(6,966)	(7,516)
		<hr/>	<hr/>
<b>Total equity</b>		<b>7,010</b>	4,500
		<hr/> <hr/>	<hr/> <hr/>

**Richoux Group plc**  
**Consolidated statement of cash flows**

for the 52 week period ended 26 December 2010

	<i>Notes</i>	<b>52 week period ended 26 December 2010 £'000</b>	52 week period ended 27 December 2009 £'000
<b>Operating activities</b>			
Cash generated from/(used in) operations	9	<b>486</b>	(152)
Interest paid		<b>(1)</b>	(2)
		<hr/>	<hr/>
<b>Net cash from/(used in) operating activities</b>		<b>485</b>	(154)
		<hr/>	<hr/>
<b>Investing activities</b>			
Purchase of property, plant and equipment		<b>(1,874)</b>	(1,395)
Purchase of intangible fixed assets		<b>(58)</b>	(9)
Net proceeds from sale of property, plant and equipment		-	89
Net proceeds from sale of assets held for sale		<b>102</b>	-
Interest received		<b>32</b>	53
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		<b>(1,798)</b>	(1,262)
		<hr/>	<hr/>
<b>Financing activities</b>			
Proceeds from issue of ordinary shares		<b>2,000</b>	-
Share issue costs		<b>(40)</b>	-
		<hr/>	<hr/>
<b>Net cash from financing activities</b>		<b>1,960</b>	-
		<hr/>	<hr/>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>647</b>	(1,416)
Cash and cash equivalents at the beginning of the period		<b>2,959</b>	4,375
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the period</b>		<b>3,606</b>	2,959
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## Notes

- 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.
- The financial information set out above does not constitute the Company's statutory accounts for the periods ended 27 December 2009 or 26 December 2010 but it is derived from those accounts. Statutory accounts for 27 December 2009 have been delivered to the Registrar of Companies and those for 26 December 2010 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.
- 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 three core restaurant brands, Richoux, Zippers and Dean's Diner. All brands are engaged in the restaurant trade so derive their revenues from similar products and services.

### For the 52 week period ended 26 December 2010

	Richoux	Zippers	Dean's Diner	Closed	Un- allocated	Total
	£000	£000	£000		£000	£000
Revenue	4,522	951	361	10	-	<b>5,844</b>
Segment profit/(loss)	826	(16)	(143)	(11)	(48)	<b>608</b>
Administrative expenses	-	-	-	-	(467)	<b>(467)</b>
Onerous lease provision	-	-	-	333	-	<b>333</b>
Finance income	-	-	-	-	32	<b>32</b>
Finance expense	-	-	-	-	(1)	<b>(1)</b>
Profit before taxation	826	(16)	(143)	322	(484)	<b>505</b>
Non-current assets as at 27 December 2009	1,389	468	-	-	911	<b>2,768</b>
Additions	175	1,250	1,992	-	34	<b>3,451</b>
Depreciation and amortisation	(200)	(55)	(17)	-	(21)	<b>(293)</b>
Disposals	-	-	-	-	(4)	<b>(4)</b>
Non-current assets as at 26 December 2010	1,364	1,663	1,975	-	920	<b>5,922</b>

The unallocated segment loss includes the costs of the restaurant area management, unallocated administrative expenses include the costs of the Group's head office and the onerous lease provision represents the release of the provision less the costs incurred up to the time the decision was taken to rebrand the High Wycombe restaurant as a Dean's Diner.



4. Profit/(loss) per share

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

	<b>26 December 2010 £000</b>	27 December 2009 £000
<b>Profit/(loss)</b>		
Profit/(loss) from continuing operations for the purpose of basic profit/(loss) per share excluding discontinued operations	505	(1,519)
Profit from discontinued operations	-	2
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Profit/(loss) for the purposes of basic profit/(loss) per share being the net profit/(loss) attributable to equity holders of the parent	505	(1,517)
	<hr/>	<hr/>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of the basic profit/(loss) per share	46,552,579	42,019,612
Effect of dilutive potential ordinary shares:		
Share options and warrants	-	4,183
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Weighted average number of ordinary shares for the purposes of diluted profit/(loss) per share	46,552,579	42,023,795
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Share options and warrants not included in the diluted calculations as per the requirements of IAS 33 (as they are anti-dilutive)	2,540,715	2,668,657
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5. No dividend is proposed.

6. Intangible fixed assets

	<b>Goodwill</b> £'000	<b>Trademarks</b> £'000	<b>Software</b> £'000	<b>Total</b> £'000
<b>Cost</b>				
At 27 December 2009	269	1	51	321
Additions	-	8	50	58
Disposals	-	(4)	-	(4)
	<hr/>	<hr/>	<hr/>	<hr/>
At 26 December 2010	269	5	101	375
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Accumulated amortisation and impairment</b>				
At 27 December 2009	35	-	12	47
Charge for the period	-	-	12	12
	<hr/>	<hr/>	<hr/>	<hr/>
At 26 December 2010	35	-	24	59
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Carrying amount</b>				
<b>At 26 December 2010</b>	<b>234</b>	<b>5</b>	<b>77</b>	<b>316</b>
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At 27 December 2009	234	1	39	274
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**Impairment testing of goodwill and intangible fixed assets**

Goodwill of £269,000 (2009: £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 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 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 2011, and forecasts to December 2015 based on an EBITDA growth rate of 2% for established sites, and steeper sales growth curves for the new sites to reach full capacity. The discount rate applied to cash flow projections is 12%.

There is no impairment provision required (2009: an impairment charge of £1,000 was recognised in relation to the software of one of the CGUs that comprise the Richoux business following the decision to close this).

7. Property, plant and equipment

	<b>Investment property</b> £'000	<b>Short leasehold land and buildings</b> £'000	<b>Leasehold improve- ments</b> £'000	<b>Fixtures, fittings and equipment</b> £'000	<b>Total</b> £'000
<b>Cost</b>					
At 27 December 2009	1,153	3,444	17	1,226	5,840
Additions	-	2,239	-	1,083	3,322
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At 26 December 2010	1,153	5,683	17	2,309	9,162
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<b>Accumulated depreciation and impairment</b>					
At 27 December 2009	366	2,053	17	921	3,357
Charge for period	-	147	-	134	281
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At 26 December 2010	366	2,200	17	1,055	3,638
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<b>Carrying amount</b>					
<b>At 26 December 2010</b>	<b>787</b>	<b>3,483</b>	<b>-</b>	<b>1,254</b>	<b>5,524</b>
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At 27 December 2009	787	1,391	-	305	2,483
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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 2011, and forecasts to December 2015 based on an EBITDA growth rate of 2% for established sites, and steeper sales growth curves for the new sites to reach full capacity. The discount rate applied to cash flow projections is 12%.

There is no impairment provision required (2009: an impairment charge of £869,000 was recognised relating to the unrecoverable elements of assets relating to the Richoux restaurants in High Wycombe and Old Compton Street following the decision to close these restaurants).

8. Provisions

	<b>Onerous lease provision £000</b>
At 27 December 2009	<b>(400)</b>
Provision utilised in the period	<b>67</b>
Provision released in the period	<b>333</b>
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At 26 December 2010	<b>-</b>
	<hr/> <hr/>

The onerous lease provision represented the Director's best estimate of the costs of surrender of its leasehold interest in the Richoux restaurant in High Wycombe, based on the estimated time to surrender and the estimated surrender premium payable. The decision was subsequently taken to rebrand the site as a Dean's Diner and thus the unutilised provision has been reversed in the period.

9. Reconciliation of operating profit/(loss) to operating cash flows

	<b>52 week period ended 26 December 2010 £'000</b>	52 week period ended 27 December 2009 £'000
Operating profit/(loss)	<b>474</b>	(1,570)
Profit on disposal of property, plant and equipment	-	(76)
Profit on disposal of assets held for sale	<b>(8)</b>	-
Loss on disposal of intangible assets	<b>4</b>	-
Depreciation charge	<b>281</b>	261
Amortisation charge	<b>12</b>	9
Impairment of intangible fixed assets	-	1
Impairment of tangible fixed assets	-	869
Increase in stocks	<b>(64)</b>	(14)
(Increase)/decrease in debtors	<b>(299)</b>	84
Increase/(decrease) in creditors	<b>441</b>	(164)
(Decrease)/increase in provisions	<b>(400)</b>	400
Equity settled share based payments	<b>45</b>	48
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	<b>486</b>	(152)
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10. Post balance sheet events

On the 1 February 2011 the Group exchanged on a new twenty-five year lease for a new restaurant in Port Solent, Hampshire at a rent of £42,500 per annum.

11. Related party transactions

During the period the Group paid professional fees for legal services in connection with properties of £85,000 (2009: £34,000) to Glovers Solicitors LLP of which Philip Shotter is a member. As at the end of the period £29,000 (2009: £8,000) was outstanding. This is in addition to fees included as Director's emoluments.

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

***Transactions with Directors***

Directors' emoluments

	<b>2010</b>	£2009
	<b>£000</b>	£000
Short term employee benefits	<b>145</b>	145
Share based payments	<b>28</b>	37
	<hr/>	<hr/>
	<b>173</b>	182
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During the period Salvatore Diliberto subscribed for 6,250,000 ordinary shares and The Hon. Robert Rayne subscribed for 6,250,000 ordinary shares as part of the share placing that occurred during the period. The price paid per share was 8p.

***Transactions with substantial shareholders***

During the period Phillip Kaye subscribed for 6,250,000 ordinary shares as part of the share placing that occurred during the period. The price paid per share was 8p.

12. 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](http://www.richouxgroup.co.uk).

**- ENDS -**