

Richoux Group plc

Final results for the 52 weeks ended 25 December 2011

Richoux Group plc, the owner and operator of 12 restaurants under the Richoux, Zippers, Dean's Diner and Villagio brands, today announces its final results for the year ended 25 December 2011.

	52 weeks ended 25 December 2011 £m	52 weeks ended 26 December 2010 £m
Turnover from continuing operations	9.01	5.84
Gross profit from continuing operations	0.25	0.61
Operating (loss)/profit on continuing operations before impairment	(0.26)	0.14
(Loss)/profit attributable to shareholders	(2.71)	0.51

Key points:

- Currently twelve restaurants trading.
- Disposals of five underperforming sites completed.
- Disposal of freehold Central Kitchen.

Philip Shotter, Chairman of Richoux Group plc said:

"The core Richoux restaurants are trading well and continue to be the bedrock of the Group's business. The performance of the restaurants trading under the Group's newer Villagio, Zippers and Dean's Diner concepts had been mixed and a decision was taken to dispose of a number of underperforming sites and that process has now been completed. The Group will continue to focus on improving the offer at the remaining sites while assessing the opportunities for any further openings."

26 April 2012

Enquiries:

Richoux Group plc (020) 7483 7000
Philip Shotter, Chairman

College Hill (020) 7457 2020
Matthew Smallwood
Justine Warren

Cenkos Securities plc (020) 7397 8900
Bobbie Hilliam
Camilla Hume

Results

Group turnover from continuing operations for the 52 week period ended 25 December 2011 increased to £9.01 million (2010: £5.84 million). Gross profit from continuing operations reduced to £0.25 million (2010: £0.61 million). There was a reduction in the total Group restaurants' gross profit before pre-opening costs percentage from 14.7 per cent to 4.5 per cent during the year. Administrative expenses for continuing operations (before impairment and onerous lease provision) of £0.51 million (2010: £0.47 million) were in line with expectations.

Significant provisions of £2.47 million (2010: *£nil*) have been made for impairment. This relates to the disposed of Zippers site in Bexhill-on-Sea, Dean's Diner sites in High Wycombe, Basingstoke and Slough and the Villagio site in Barnet, as well as the rebranded Dean's Diner site in Basildon.

As announced in September 2011, the Company entered into an agreement to dispose of its freehold Central Kitchen property for a total consideration of £900,000 payable in cash. The disposal was completed on 30 March 2012.

The Directors are not recommending the payment of a dividend.

Operations

The Group currently has twelve restaurants which operate under the Richoux, Zippers, Dean's Diner and Villagio 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.

Zippers

Zippers is a contemporary family restaurant with an extensive range of dishes to suit all tastes.

The Group has one remaining Zippers site in Chatham which continues to trade in line with expectations. During the year the Group surrendered the lease of the Zippers site in Bexhill-on-Sea in August 2011 and the Zippers sites in Andover and Barnet were rebranded as Villagio.

Dean's Diner

Dean's Diner is a 1950s American Diner style concept.

The Group has three remaining Dean's Diner restaurants in Chatham, Port Solent and Braintree. In November 2011 the Dean's Diner site in Slough was closed and subsequently disposed of in February 2012. Since the year end the Group has also disposed of the underperforming sites in High Wycombe, in February 2012 and Basingstoke, in April 2012. In addition the Dean's Diner site in Basildon was rebranded as a Villagio restaurant in March 2012.

Villagio

Villagio is a modern local style Italian restaurant.

The Group now has four Villagio sites in Hammersmith and Berkhamsted and the rebranded sites in Andover and Basildon. Since the year end in January 2012 the Group has disposed of the underperforming site in Barnet.

Capital expenditure and cash flow

As at the end of the period under review the Group held cash of £1.04 million (*2010: £3.61 million*).

Capital expenditure of £2.06 million was incurred in the period predominantly on the fit out of the new Dean's Diner restaurants in Port Solent and Braintree and Villagio restaurants in Hammersmith and Berkhamsted.

Outlook

Trading conditions remain challenging but the Group feels that it is better placed now to develop the Villagio and Dean's Diner concepts at the remaining restaurants trading under those concepts by focusing on further improving the menus, offer and customer experience while increasing customer awareness of these concepts. A period of consolidation is envisaged while the Group continues to assess the opportunities for any further openings.

Philip Shotter
Chairman
26 April 2012

Richoux Group plc
Consolidated statement of comprehensive income

for the 52 week period ended 25 December 2011

	<i>Notes</i>	52 week period ended 25 December 2011 £000	52 week period ended 26 December 2010 £000
Revenue		9,009	5,844
Cost of sales:			
Excluding pre-opening costs		(8,607)	(4,986)
Pre-opening costs		(148)	(250)
Total cost of sales		(8,755)	(5,236)
Gross profit		254	608
Administrative expenses		(513)	(467)
Other operating income		3	-
Operating (loss)/profit before impairment and onerous lease provision		(256)	141
Impairment of property, plant and equipment	7	(2,444)	-
Impairment of other intangible assets	6	(26)	-
Onerous lease provision		-	333
Operating (loss)/profit		(2,726)	474
Finance income		16	32
Finance expense		-	(1)
(Loss)/profit before taxation	3	(2,710)	505
Taxation		-	-
(Loss)/profit and total comprehensive (loss)/profit for the period		(2,710)	505
(Loss)/profit and total comprehensive (loss)/profit attributable to equity holders of the parent		(2,710)	505
(Loss)/profit and total comprehensive (loss)/profit per share:			
(Loss)/profit per share	4	(4.0)p	1.1p
Diluted (loss)/profit per share	4	(4.0)p	1.1p

Richoux Group plc
Consolidated statement of changes in equity

For the 52 week period ended 25 December 2011

	Share capital £000	Share premium account £000	Profit and loss account £000	Total £000
At 27 December 2009	1,681	10,335	(7,516)	4,500
Profit for the period	-	-	505	505
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income	-	-	505	505
	<hr/>	<hr/>	<hr/>	<hr/>
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/>
Total contributions by and distributions to owners of the Company, recognised directly in equity	1,000	960	45	2,005
	<hr/>	<hr/>	<hr/>	<hr/>
At 26 December 2010	2,681	11,295	(6,966)	7,010
Loss for the period	-	-	(2,710)	(2,710)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive loss	-	-	(2,710)	(2,710)
	<hr/>	<hr/>	<hr/>	<hr/>
Credit to equity for equity settled share based payments	-	-	14	14
	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners of the Company, recognised directly in equity	-	-	14	14
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At 25 December 2011	2,681	11,295	(9,662)	4,314
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Richoux Group plc
Consolidated statement of financial position

at 25 December 2011

	<i>Notes</i>	25 December 2011 £000	26 December 2010 £000
Assets			
Non-current assets			
Goodwill	<i>6</i>	234	234
Other intangible assets	<i>6</i>	71	82
Property, plant and equipment	<i>7</i>	3,815	4,737
Investment property	<i>7</i>	-	787
Trade and other receivables		124	82
		<hr/>	<hr/>
Total non-current assets		4,244	5,922
		<hr/>	<hr/>
Current assets			
Inventories		178	158
Trade and other receivables		459	587
Cash and cash equivalents		1,039	3,606
		<hr/>	<hr/>
Total current assets		1,676	4,351
		<hr/>	<hr/>
Assets held for sale		787	-
		<hr/>	<hr/>
Total assets		6,707	10,273
		<hr/>	<hr/>
Liabilities			
Current liabilities			
Trade and other payables		(2,203)	(3,127)
		<hr/>	<hr/>
Total current liabilities		(2,203)	(3,127)
		<hr/>	<hr/>
Non-current liabilities			
Trade and other payables		(180)	(136)
		<hr/>	<hr/>
Total non-current liabilities		(180)	-
		<hr/>	<hr/>
Liabilities associated with assets held for sale		(10)	-
		<hr/>	<hr/>
Total liabilities		(2,393)	(3,263)
		<hr/>	<hr/>
Net assets		4,314	7,010
		<hr/>	<hr/>
Capital and reserves			
Share capital		2,681	2,681
Share premium account		11,295	11,295
Retained earnings		(9,662)	(6,966)
		<hr/>	<hr/>
Total equity		4,314	7,010
		<hr/>	<hr/>

Richoux Group plc
Consolidated statement of cash flows

for the 52 week period ended 25 December 2011

	<i>Notes</i>	52 week period ended 25 December 2011 £000	52 week period ended 26 December 2010 £000
Operating activities			
Cash generated from operations	<i>8</i>	931	486
Interest paid		-	(1)
		<hr/>	<hr/>
Net cash from operating activities		931	485
		<hr/>	<hr/>
Investing activities			
Purchase of property, plant and equipment		(3,475)	(1,874)
Purchase of intangible fixed assets		(35)	(58)
Net costs from sale of property, plant and equipment		(4)	-
Net proceeds from sale of assets held for sale		-	102
Interest received		16	32
		<hr/>	<hr/>
Net cash used in investing activities		(3,498)	(1,798)
		<hr/>	<hr/>
Financing activities			
Proceeds from issue of ordinary shares		-	2,000
Share issue costs		-	(40)
		<hr/>	<hr/>
Net cash from financing activities		-	1,960
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(2,567)	647
Cash and cash equivalents at the beginning of the period		3,606	2,959
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period		1,039	3,606
		<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 26 December 2010 or 25 December 2011 but it is derived from those accounts. Statutory accounts for 26 December 2010 have been delivered to the Registrar of Companies and those for 25 December 2011 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, Richoux, Villagio, Zippers and Dean’s Diner. The Zippers and Villagio brands are reported together as some of the Zippers restaurants were rebranded as Villagio restaurants during the year. All brands are engaged in the restaurant trade so derive their revenues from similar products and services. There are no geographical segments and there are no major customers.

For the 52 week period ended 25 December 2011

	Richoux	Villagio/ Zippers	Dean’s Diner	Un- allocated	Total
	£000	£000	£000	£000	£000
Revenue	4,539	2,289	2,181	-	9,009
Segment profit/(loss)	908	(127)	(326)	(201)	254
Administrative expenses	-	-	-	(513)	(513)
Other operating income	-	-	-	3	3
Impairment of property, plant and equipment	-	(1,031)	(1,413)	-	(2,444)
Impairment of other intangible assets	-	(15)	(11)	-	(26)
Finance income	-	-	-	16	16
Profit/(loss) before taxation	908	(1,173)	(1,750)	(695)	(2,710)
Non current assets as at 26 December 2010	1,364	1,663	1,975	920	5,922
Additions	41	1,103	943	17	2,104
Depreciation and amortisation	(187)	(145)	(150)	(21)	(503)
Impairment of property, plant and equipment	-	(1,031)	(1,413)	-	(2,444)
Impairment of other intangible assets	-	(15)	(11)	-	(26)
Transfer to assets held for sale	-	-	-	(787)	(787)
Disposals	(1)	(7)	-	(14)	(22)
Non current assets as at 25 December 2011	1,217	1,568	1,344	115	4,244

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

4. (Loss)/profit per share

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

	25 December 2011 £000	26 December 2010 £000
(Loss)/profit		
(Loss)/profit for the purposes of basic (loss)/profit per share being the net (loss)/profit attributable to equity holders of the parent	(2,710)	505
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Number of shares		
Weighted average number of ordinary shares for the purposes of the basic (loss)/profit per share	67,019,612	46,552,579
Effect of dilutive potential ordinary shares:		
Share options and warrants	206,502	-
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purposes of diluted (loss)/profit per share	67,226,114	46,552,579
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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)	2,334,213	2,540,715
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5. No dividend is proposed.

6. Intangible fixed assets

	Goodwill	Trademarks	Software	Total
	£000	£000	£000	£000
<i>Cost</i>				
At 26 December 2010	269	5	101	375
Additions	-	11	24	35
Disposals	-	-	(5)	(5)
	<hr/>	<hr/>	<hr/>	<hr/>
At 25 December 2011	269	16	120	405
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated amortisation and impairment</i>				
At 26 December 2010	35	-	24	59
Charge for the period	-	2	18	20
Impairment	-	-	26	26
Disposal	-	-	(5)	(5)
	<hr/>	<hr/>	<hr/>	<hr/>
At 25 December 2011	35	2	63	100
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Carrying amount</i>				
At 25 December 2011	234	14	57	305
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 26 December 2010	234	5	77	316
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Impairment testing of goodwill and intangible fixed assets

Goodwill of £269,000 (2010: £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 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 2012, and forecasts to December 2016 based on an EBITDA growth rate of 2 per cent for established sites. The discount rate applied to cash flow projections is 12 per cent.

An impairment charge of £26,000 has been recognised in relation to the unrecoverable elements of the assets relating one Dean's Diner and one Zippers restaurant following the decision to rebrand these restaurants as Villagio and five Zippers, Villagio and Dean's Diner restaurants following the decision to close these restaurants (2010: nil). The value in use of the remaining restaurants is significantly higher than the carrying value.

7. Property, plant and equipment

	Investment property £000	Short leasehold land and buildings £000	Leasehold improve- ments £000	Fixtures, fittings and equipment £000	Total £000
Cost					
At 26 December 2010	1,153	5,683	17	2,309	9,162
Additions	-	1,281	-	746	2,027
Disposals	-	(435)	-	(158)	(593)
Transfer to assets held for sale	(1,153)	-	-	-	(1,153)
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At 25 December 2011	-	6,529	17	2,897	9,443
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Accumulated depreciation and impairment					
At 26 December 2010	366	2,200	17	1,055	3,638
Charge for period	-	218	-	265	483
Impairment	-	1,737	-	707	2,444
Disposals	-	(421)	-	(150)	(571)
Transfer to assets held for sale	(366)	-	-	-	(366)
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At 25 December 2011	-	3,734	17	1,877	5,628
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Carrying amount					
At 25 December 2011	-	2,795	-	1,020	3,815
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At 26 December 2010	787	3,483	-	1,254	5,524
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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 2012, and forecasts to December 2016 based on an EBITDA growth rate of 2 per cent for established sites. The discount rate applied to cash flow projections is 12 per cent.

An impairment charge of £2,444,000 has been recognised in relation to the unrecoverable elements of the assets relating one Dean's Diner and one Zippers restaurant following the decision to rebrand these restaurants as Villagio and five Zippers, Villagio and Dean's Diner restaurants following the decision to close these restaurants (2010: nil). The value in use of the remaining restaurants is significantly higher than the carrying value.

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

	52 week period ended 25 December 2011 £000	52 week period ended 26 December 2010 £000
Operating (loss)/profit	(2,726)	474
Loss on disposal of property, plant and equipment	26	-
Profit on disposal of assets held for sale	-	(8)
Loss on disposal of intangible assets	-	4
Depreciation charge	483	281
Amortisation charge	20	12
Impairment of intangible fixed assets	26	-
Impairment of tangible fixed assets	2,444	-
Increase in stocks	(20)	(64)
Decrease/(increase) in debtors	86	(299)
Increase in creditors	578	441
Decrease in provisions	-	(400)
Equity settled share based payments	14	45
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Net cash inflow from operating activities	931	486
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9. Post balance sheet events

On the 20 January 2012 the Group disposed of its Villagio restaurant in Barnet for £nil, on the 22 February 2012 the Group disposed of its Dean's Diner restaurant in Slough for a reverse premium of £11,250, on the 28 February 2012 the Group disposed of its Dean's Diner restaurant in High Wycombe for £15,000, on the 30 March 2012 the Group disposed of its freehold property for £900,000 which will give rise to a profit on disposal of approximately £100,000, and on 10 April 2012 the Group disposed of its Dean's Diner restaurant in Basingstoke for £100,000 (all sales proceeds are stated before costs).

10. Related party transactions

During the period the Group paid professional fees for legal services of £83,000 (2010: £85,000) to Glovers Solicitors LLP of which Philip Shotter is a member. As at the end of the period £15,000 (2010: £29,000) 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.

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

Transactions with Directors

Directors' emoluments

	2011	£2010
	£000	£000
Short term employee benefits	145	145
Share based payments	5	28
	<hr/>	<hr/>
	150	173
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During the prior period Salvatore Diliberto subscribed for 6,250,000 ordinary shares and The Hon. Robert A. 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 prior 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.

During the period the Group entered into a new lease with Amberstar Limited, a Company in which Phillip Kaye is a shareholder.

On 22 January 2012 the Group disposed of its Barnet site to Prezzo plc, a Company in which Phillip Kaye is a shareholder.

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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