

Richoux Group plc

Interim results for the 28 weeks ended 8 July 2012

Richoux Group plc (the "Group"), the owner and operator of Richoux, Zippers, Dean's Diner and Villagio restaurants today announces its unaudited interim results for the 28 week period ending 8 July 2012.

	28 weeks ended 8 July 2012 £m	28 weeks ended 10 July 2011 £m	52 weeks ended 25 December 2011 £m
Turnover from continuing operations	5.14	4.39	9.01
Gross profit from continuing operations	0.62	0.03	0.25
Operating profit/(loss) on continuing operations before impairment	0.39	(0.25)	(0.26)
Profit/(loss) attributable to shareholders	0.40	(2.57)	(2.71)

Key points:

- Currently twelve restaurants trading.
- Disposals programme for the disposal of the remaining four underperforming sites completed.
- Operating profit of £0.39m for the period.

Philip Shotter, Chairman of Richoux Group plc said:

"The Group are pleased to report improved results, having now completed the disposal of the remaining underperforming sites and are continuing to focus on improving the offer at the Group's Dean's Diner and Villagio sites".

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Results

Group turnover from our continuing operations for the 28 week period ended 8 July 2012 increased to £5.14 million (*July 2011: £4.39 million*). Gross profit from continuing operations was £0.62 million (*July 2011: £0.03 million*). Administrative expenses for continuing operations (before impairment) of £0.34 million (*July 2011: £0.28 million*) were in line with expectations.

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 has four Richoux restaurants which continue to trade in line with board expectations.

Zippers

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

The Group has one Zippers restaurant in Chatham which continues to trade in line with board expectations.

Dean's Diner

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

The Group has currently has three Dean's Diner restaurants in Chatham, Port Solent and Braintree. During the period the Group disposed of its closed restaurant in Slough in February 2012, and underperforming restaurants in High Wycombe, in February 2012, and Basingstoke, in April 2012. In addition during the period the Dean's Diner restaurant in Basildon was rebranded as a Villagio restaurant.

Villagio

Villagio is a modern local style Italian restaurant.

The Group has currently has four Villagio restaurants in Andover, Basildon, Hammersmith and Berkhamsted. During the period the Group disposed of its underperforming restaurant in Barnet, in January 2012.

Capital expenditure and cash flow

As at the end of the period under review the Group held cash of £1.64 million (*December 2011: £1.04 million*).

During the period the Group disposed of its underperforming restaurants in Barnet, High Wycombe, Slough and Basingstoke along with its freehold Central Kitchen property which gave rise to proceeds (after costs) of £0.92 million.

Capital expenditure of £0.24 million was incurred in the period, predominantly on the rebranding of the Dean's Diner restaurant in Basildon as a Villagio restaurant.

Outlook

Following a period of consolidation where efforts have been focused on improving the offer and menus at the Villagio and Dean's Diner restaurants, the Group's restaurants are now generally trading in line with expectations.

The Group is currently in negotiations to take two new sites, one of which is intended to trade as a Villagio, the other as a Dean's Diner.

Due to the re-commencement of new openings, the Group entered discussions with its major shareholders in June to secure further finance. Following these discussions, the Group received indicative support to raise up to £2.0 million at a price between 8.0 pence and 8.5 pence. The board therefore expect to finalise a fundraising on these terms by the end of September.

Despite the two new site openings and potential funding, the Group will continue to adopt a cautious and measured approach to taking any new sites.

Philip Shotter
Chairman
30 August 2012

Richoux Group plc
Condensed consolidated statement of comprehensive income

for the 28 week period ended 8 July 2012

	Notes	28 week period ended 8 July 2012 £000	28 week period ended 10 July 2011 £000	52 week period ended 25 December 2011 £000
Revenue	3	5,140	4,389	9,009
Cost of sales:				
Excluding pre-opening costs		(4,500)	(4,271)	(8,607)
Pre-opening costs		(16)	(87)	(148)
Total cost of sales		(4,516)	(4,358)	(8,755)
Gross profit		624	31	254
Administrative expenses		(339)	(281)	(513)
Net profit on disposal of assets held for sale		109	-	-
Other operating income		-	1	3
Operating profit/(loss) before impairment		394	(249)	(256)
Impairment of property, plant and equipment		-	(2,301)	(2,444)
Impairment of other intangible assets		-	(26)	(26)
Operating profit/(loss)		394	(2,576)	(2,726)
Finance income		7	11	16
Profit/(loss) before taxation	3	401	(2,565)	(2,710)
Taxation		-	-	-
Profit/(loss) and total comprehensive profit/(loss) for the period		401	(2,565)	(2,710)
Profit/(loss) and total comprehensive profit/(loss) attributable to equity holders of the parent		401	(2,565)	(2,710)
Profit/(loss) and total comprehensive profit/(loss) per share:				
Profit/(loss) per share	4	0.6p	(3.8)p	(4.0)p
Diluted profit/(loss) per share	4	0.6p	(3.8)p	(4.0)p

Richoux Group plc
Condensed consolidated statement of changes in equity

For the 28 week period ended 8 July 2012

	Share capital £000	Share premium account £000	Profit and loss account £000	Total £000
At 26 December 2010	2,681	11,295	(6,966)	7,010
Loss for the period	-	-	(2,565)	(2,565)
Credit to equity for equity settled share based payments	-	-	7	7
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At 10 July 2011	2,681	11,295	(9,524)	4,452
Loss for the period	-	-	(145)	(145)
Credit to equity for equity settled share based payments	-	-	7	7
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At 25 December 2011	2,681	11,295	(9,662)	4,314
Profit for the period	-	-	401	401
Credit to equity for equity settled share based payments	-	-	7	7
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At 8 July 2012	2,681	11,295	(9,254)	4,722
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Richoux Group plc
Condensed consolidated statement of financial position

at 8 July 2012

	Notes	8 July 2012 £000	10 July 2011 £000	25 December 2011 £000
Assets				
Non-current assets				
Goodwill		234	234	234
Other intangible assets		63	62	71
Property, plant and equipment	6	3,798	3,092	3,815
Investment property	6	-	787	-
Trade and other receivables		43	120	124
Total non-current assets	3	4,138	4,295	4,244
Current assets				
Inventories		129	152	178
Trade and other receivables		537	699	459
Cash and cash equivalents		1,636	1,192	1,039
Total current assets		2,302	2,043	1,676
Assets held for sale		-	-	787
Total assets		6,440	6,338	6,707
Liabilities				
Current liabilities				
Trade and other payables		(1,594)	(1,709)	(2,203)
Total current liabilities		(1,594)	(1,709)	(2,203)
Non-current liabilities				
Trade and other payables		(124)	(177)	(180)
Total non-current liabilities		(124)	(177)	(180)
Liabilities associated with assets held for sale		-	-	(10)
Total liabilities		(1,718)	(1,886)	(2,393)
Net assets		4,722	4,452	4,314
Capital and reserves				
Share capital		2,681	2,681	2,681
Share premium account		11,295	11,295	11,295
Retained earnings		(9,254)	(9,524)	(9,662)
Total equity		4,722	4,452	4,314

Richoux Group plc
Condensed consolidated statement of cash flows

for the 28 week period ended 8 July 2012

	Notes	28 week period ended 8 July 2012 £000	28 week period ended 10 July 2011 £000	52 week period ended 25 December 2011 £000
Operating activities				
Cash (used in)/generated from operations	7	(81)	-	931
Interest paid		-	-	-
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Net cash (used in)/from operating activities		(81)	-	931
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Investing activities				
Purchase of property, plant and equipment		(241)	(2,408)	(3,475)
Purchase intangible assets		(3)	(17)	(35)
Net proceeds/(costs) from sale of property, plant and equipment		19	-	(4)
Net proceeds from sale of assets held for sale		896	-	-
Interest received		7	11	16
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Net cash from/(used in) investing activities		678	(2,414)	(3,498)
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Net increase/(decrease) in cash and cash equivalents		597	(2,414)	(2,567)
Cash and cash equivalents at the beginning of the period		1,039	3,606	3,606
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Cash and cash equivalents at the end of the period		1,636	1,192	1,039
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Notes

1. The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation. The financial statements have been prepared on the historical cost basis.
2. The condensed financial information for the 28 week period ended 8 July 2012 and the 28 week period ended 10 July 2011 has been prepared in accordance with IAS 34 “Interim financial reporting” and should be read in conjunction with the annual financial statements for the period ended 25 December 2011 which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The accounting policies used in preparing the condensed financial information are consistent with those of the annual financial statements for the period ended 25 December 2011. During the period various Standards and Interpretations were adopted in line with the effective dates as outlined in the annual financial statements for the period ended 25 December 2011. The condensed financial information for the 28 week period ended 8 July 2012 and the 28 week period ended 10 July 2011 has not been audited or reviewed and does not constitute full financial statements within the meaning of section 435 of the Companies Act 2006.

The financial information for the 52 week period ended 25 December 2011 does not constitute the Group’s statutory accounts for that period but it is derived from those accounts. Statutory accounts for the 52 week period ended 25 December 2011 have been delivered to the Registrar of Companies. The auditors have reported on these accounts; their report was 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, Dean’s Diner and Zippers and Villagio. The Zippers and Villagio brands are reported together and the rebranded restaurant in Basildon has been included under the Villagio brand for the whole period. All brands are engaged in the restaurant trade so derive their revenues and results from similar products and services.

For the 28 week period ended 8 July 2012

	Richoux £000	Zippers/ Villagio £000	Dean's Diner £000	Un- allocated £000	Total £000
Revenue	2,483	1,547	1,110	-	5,140
Segment profit/(loss)	475	91	157	(99)	624
Administrative expenses	-	-	-	(339)	(339)
Profit on sale of assets held for sale	-	-	-	109	109
Finance income	-	-	-	7	7
Profit before taxation	475	91	157	(322)	401
Non-current assets as at 25 December 2011	1,217	1,568	1,344	115	4,244
Additions	5	231	6	2	244
Depreciation and amortisation	(98)	(91)	(67)	(13)	(269)
Disposals	(1)	(52)	(14)	(14)	(81)
Non-current assets as at 8 July 2012	1,123	1,656	1,269	90	4,138

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

4. Profit/(loss) per share

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

	8 July 2012 £000	10 July 2011 £000	25 December 2011 £000
Profit/(loss)			
Profit/(loss) for the purposes of basic profit/(loss) per share being the net profit/(loss) attributable to equity holders of the parent	401	(2,565)	(2,710)
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Number of shares			
Weighted average number of ordinary shares for the purposes of the basic profit/(loss) per share	67,019,612	67,019,612	67,019,612
Effect of dilutive potential ordinary shares:			
Share options	-	327,460	206,502
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Weighted average number of ordinary shares for the purposes of the diluted profit/(loss) per share	67,019,612	67,347,072	67,226,114
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Share options not included in the diluted calculations as per the requirements of IAS 33 (as they are anti-dilutive)	2,533,215	2,213,255	2,334,213
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5. No dividend is proposed.

6. Property, plant and equipment

	Investment property	Short leasehold land and buildings	Leasehold improve- ments	Fixtures, fittings, and equipment	Total
Cost					
At 26 December 2010	1,153	5,683	17	2,309	9,162
Additions	-	598	-	362	960
Disposals	-	(14)	-	(11)	(25)
At 10 July 2011	1,153	6,267	17	2,660	10,097
Additions	-	683	-	384	1,067
Disposals	-	(421)	-	(147)	(568)
Transfer to assets held for sale	(1,153)	-	-	-	(1,153)
At 25 December 2011	-	6,529	17	2,897	9,443
Additions	-	159	-	82	241
Disposals	-	(1,172)	-	(707)	(1,879)
At 8 July 2012	-	5,516	17	2,272	7,805
Accumulated depreciation and impairment					
At 26 December 2010	366	2,200	17	1,055	3,638
Charge for period	-	134	-	151	285
Disposals	-	-	-	(6)	(6)
Impairment	-	1,723	-	578	2,301
At 10 July 2011	366	4,057	17	1,778	6,218
Charge for period	-	84	-	114	198
Impairment	-	14	-	129	143
Disposals	-	(421)	-	(144)	(565)
Transfer to assets held for sale	(366)	-	-	-	(366)
At 25 December 2011	-	3,734	17	1,877	5,628
Charge for period	-	114	-	144	258
Disposals	-	(1,172)	-	(707)	(1,879)
At 8 July 2012	-	2,676	17	1,314	4,007
Carrying amount					
At 8 July 2012	-	2,840	-	958	3,798
At 25 December 2011	-	2,795	-	1,020	3,815
At 10 July 2011	787	2,210	-	882	3,879

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 forecasts to December 2017 based on a sales growth rate of 2 per cent for established sites. The discount rate applied to cash flow projections is 12 per cent.

There is no impairment provision required (*December 2011: an impairment charge of £2,444,000 was recognised in relation to the unrecoverable elements of the assets relating to one Zippers and one Dean's Diner restaurant following the decision to rebrand these restaurants as Villagio restaurants and five Zippers, Villagio and Dean's Diner restaurants following the decision to close these restaurants*).

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

	28 week period ended 8 July 2012 £000	28 week period ended 10 July 2011 £000	52 week period ended 25 December 2011 £000
Operating profit/(loss)	394	(2,576)	(2,726)
Profit on disposal of assets held for sale	(109)	-	-
(Profit)/loss on disposal of property, plant and equipment	(19)	19	26
Depreciation charge	258	285	483
Amortisation charge	11	11	20
Impairment of intangible fixed assets	-	26	26
Impairment of property, plant and equipment	-	2,301	2,444
Decrease/(increase) in stocks	49	6	(20)
Decrease/(increase) in debtors	3	(150)	86
(Decrease)/increase in creditors	(675)	71	578
Equity settled share based payments	7	7	14
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Net cash inflow from operating activities	(81)	-	931
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8. Related party transactions

During the period the Group paid professional fees for legal services in connection with properties of £48,000 (*July 2011: £52,000, December 2011: £83,000*) to Glovers Solicitors LLP of which Phillip Shotter is a member. As at the end of the period £nil was outstanding (*December 2011: £15,000*). This is in addition to fees included in 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

	28 week period ended 8 July 2012 £000	28 week period ended 10 July 2011 £000	52 week period ended 25 December 2011 £000
Short term employee benefits	78	78	145
Share based payments	3	3	5
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	81	81	150
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Transactions with substantial shareholders:

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

During the period the Group disposed of its restaurant in Barnet to Prezzo plc, a Company in which Phillip Kaye is a shareholder.

9. Report and accounts

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

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