

Company [Richoux Group PLC](#)
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Richoux Group PLC
23 April 2010

Richoux Group plc

Preliminary results for the 52 weeks ended 27 December 2009

Richoux Group plc, the owner and operator of Richoux restaurants, today announces its December 2009 preliminary results.

	52 weeks ended 27 December 2009 £m	52 weeks ended 28 December 2008 £m
Turnover from continuing operations	5.02	5.56
Gross profit from continuing operations	0.14	0.38
Operating loss on continuing operations before impairment	(0.30)	(0.31)
Loss attributable to shareholders from continuing and discontinued operations	(1.52)	(1.87)

Key points:

- Core Richoux brand is trading well and remains cash generative and profitable at restaurant level.
- Cash of £2.96 million held at year end.
- New mid-market "Zippers" restaurant opened in Chatham and a site for the new Frankie's Easy Diner concept found.
- Impairment provision of £0.87 million.

Philip Shotter, Chairman of Richoux Group plc said:

"The core Richoux business is trading well with increased profitability. The Group's first "Zippers" restaurant has opened and initial trading is in line with expectations. A further Zippers site has just been acquired and is due to open in autumn 2010 with further openings being considered. In addition another site has been acquired in Chatham which will trade as an American diner."

23 April 2010

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Results

Group turnover from our continuing operations for the 52 week period ended 27 December 2009 decreased to £5.02 million (*2008: £5.56 million*) following the closure of the Amato restaurants. Gross profit from continuing operations was £0.14 million (*2008: £0.38 million*). The gross profit before pre-opening costs percentage for the four established Richoux restaurants increased from 15% to 18% during the year. However there was a decrease in the total Group restaurants' gross profit before pre-opening costs percentage from 8% to 5% during the year, this was due to the performance of Amato and the new Richoux restaurants in High Wycombe and Old Compton Street. Administrative expenses for continuing operations (before impairment and onerous lease provision) of £0.44 million (*2008: £0.69 million*) were in line with expectations.

The impairment provisions of £0.87 million relate to the fitting-out of the Richoux in High Wycombe and the rebranding of the Old Compton Street restaurant as a Richoux following the subsequent decision to close them. The onerous lease provision of £0.40 million is in respect of the Richoux restaurant in High Wycombe.

The Directors are not recommending the payment of a dividend.

Operations***Richoux***

The Group's established Richoux restaurants continue to trade well and gross profit before pre-opening costs for these four restaurants increased by 18% on the previous year. The new Richoux restaurants in High Wycombe and Old Compton Street were trading below expectations and have been closed. The Old Compton Street site has now been sold and the Group is actively investigating opportunities to dispose of the High Wycombe site.

The Group is seeking to establish new brands to sit alongside the Richoux brand and to this end is developing the following two brands:-

Zippers

The new mid-market family orientated "Zippers" restaurant has opened in Chatham and initial trading has been in line with expectations. New leasehold premises have been acquired in Andover, Hampshire and the new restaurant is expected to open in autumn 2010.

Frankie's Easy Diner

New leasehold premises have been acquired in Chatham, Kent. It is intended that this site will trade as "Frankie's Easy Diner". This is to be a family orientated American diner style hamburger concept and is expected to open in summer 2010.

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 £2.96 million (*2008: £4.38 million*).

Capital expenditure of £1.40 million was incurred in the period on the fitting-out of the Richoux restaurants in High Wycombe and Old Compton Street and the fitting-out of the new Zippers restaurant.

Outlook

Although trading conditions remain challenging the Group continues to develop new concepts and brands to complement the core Richoux business. Along with the two new sites which have recently been acquired measured expansion is being considered for the Group's brands if suitable sites can be found.

Richoux Group plc
Consolidated statement of comprehensive income

for the 52 week period ended 27 December 2009

	<i>Notes</i>	52 week period ended 27 December 2009 £'000	52 week period ended 28 December 2008 £'000
Revenue		5,024	5,557
Cost of sales:			
Excluding pre-opening costs		(4,791)	(5,132)
Pre-opening costs		(93)	(42)
Total cost of sales		(4,884)	(5,174)
Gross profit		140	383
Administrative expenses		(439)	(688)
Other operating income		(1)	(1)
Operating loss before impairment and onerous lease provision		(300)	(306)
Impairment of property, plant and equipment		(869)	(1,672)
Impairment of goodwill		-	(91)
Impairment of other intangible assets		(1)	(62)
Onerous lease provision		(400)	-
Operating loss		(1,570)	(2,131)
Finance income		53	255
Finance expense		(2)	(2)
Loss before taxation		(1,519)	(1,878)
Taxation		-	-
Loss for the period from continuing operations		(1,519)	(1,878)
Profit for the period from discontinued operations		2	10
Loss and total comprehensive loss for the period		(1,517)	(1,868)
Loss and total comprehensive loss attributable to equity holders of the parent		(1,517)	(1,868)
Loss and total comprehensive loss per share:			
From continuing operations:			
Loss per share	<i>3</i>	(3.6)p	(4.5)p
Diluted loss per share	<i>3</i>	(3.6)p	(4.5)p
From continuing and discontinued operations:			
Loss per share	<i>3</i>	(3.6)p	(4.5)p
Diluted loss per share	<i>3</i>	(3.6)p	(4.5)p

Richoux Group plc
Consolidated statement of changes in equity

For the 52 week period ended 27 December 2009

	Share capital	Share premium account	Warrants reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000
At 30 December 2007	1,681	10,335	50	(4,350)	7,716
Loss for the period	-	-	-	(1,868)	(1,868)
Credit to equity for equity settled share based payments	-	-	-	121	121
Warrants lapsed	-	-	(50)	50	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
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/>	<hr/>
At 27 December 2009	1,681	10,335	-	(7,516)	4,500
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Richoux Group plc
Consolidated statement of financial position

at 27 December 2009

	<i>Notes</i>	27 December 2009 £'000	28 December 2008 £'000
Assets			
Non-current assets			
Goodwill	5	234	234
Other intangible assets	5	40	44
Property, plant and equipment	6	1,696	2,325
Investment property	6	787	-
Trade and other receivables		11	-
		<hr/>	<hr/>
Total non-current assets		2,768	2,603
		<hr/>	<hr/>
Current assets			
Inventories		94	80
Trade and other receivables		327	463
Assets held for sale		126	-
Cash and cash equivalents		2,959	4,375
		<hr/>	<hr/>
Total current assets		3,506	4,918
		<hr/>	<hr/>
Total assets		6,274	7,521
		<hr/>	<hr/>
Liabilities			
Current liabilities			
Trade and other payables		(1,293)	(1,545)
Liabilities associated with assets held for sale		(34)	-
Provisions		(400)	-
		<hr/>	<hr/>
Total current liabilities		(1,727)	(1,545)
Non-current liabilities			
Trade and other payables		(47)	(7)
		<hr/>	<hr/>
Total liabilities		(1,774)	(1,552)
		<hr/>	<hr/>
Net assets		4,500	5,969
		<hr/>	<hr/>
Capital and reserves			
Share capital		1,681	1,681
Share premium account		10,335	10,335
Retained earnings		(7,516)	(6,047)
		<hr/>	<hr/>
Total equity		4,500	5,969
		<hr/>	<hr/>

Richoux Group plc
Consolidated statement of cash flows

for the 52 week period ended 28 December 2009

	<i>Notes</i>	52 week period ended 27 December 2009 £'000	52 week period ended 28 December 2008 £'000
Operating activities			
Cash (used in)/generated from operations	7	(152)	722
Interest paid		(2)	(2)
		<hr/>	<hr/>
Net cash (used in)/from operating activities		(154)	720
		<hr/>	<hr/>
Investing activities			
Purchase of property, plant and equipment		(1,395)	(2,100)
Purchase of intangible fixed assets		(9)	(45)
Proceeds from sale of property, plant and equipment		89	10
Interest received		53	255
		<hr/>	<hr/>
Net cash used in investing activities		(1,262)	(1,880)
		<hr/>	<hr/>
Net decrease in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		4,375	5,535
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period		2,959	4,375
		<hr/>	<hr/>

Notes

- 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.
- The financial information set out above does not constitute the Company's statutory accounts for the periods ended 28 December 2008 or 27 December 2009 but it is derived from those accounts. Statutory accounts for 28 December 2008 have been delivered to the Registrar of Companies and those for 27 December 2009 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.
- Loss per share
The calculation of the basic and diluted loss per share is based on the following data:

	27 December 2009	28 December 2008
	£000	£000
Loss		
Loss from continuing operations for the purpose of basic loss per share excluding discontinued operations	(1,519)	(1,878)
Profit from discontinued operations	2	10
	<hr/>	<hr/>
Loss for the purposes of basic loss per share being the net profit attributable to equity holders of the parent	(1,517)	(1,868)
	<hr/>	<hr/>
Number of shares		
Weighted average number of ordinary shares for the purposes of the basic loss per share	42,019,612	42,019,612
Effect of dilutive potential ordinary shares:		
Share options and warrants	4,183	-
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purposes of diluted loss per share	42,023,795	42,019,612
	<hr/>	<hr/>
Share options and warrants not included in the diluted calculations as per the requirements of IAS 33 (as they are anti-dilutive)	2,668,657	2,082,840
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- No dividend is proposed.

5. Intangible fixed assets

	Goodwill	Trademarks	Software	Total
	£'000	£'000	£'000	£'000
<i>Cost</i>				
At 28 December 2008	325	3	123	451
Additions	-	-	9	9
Disposals	-	(2)	(81)	(83)
Transfer to current assets held for sale	(56)	-	-	(56)
	<hr/>	<hr/>	<hr/>	<hr/>
At 27 December 2009	269	1	51	321
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated amortisation and impairment</i>				
At 28 December 2008	91	-	82	173
Charge for the period	-	-	9	9
Impairment	-	-	1	1
Disposal	-	-	(80)	(80)
Transfer to current assets held for sale	(56)	-	-	(56)
	<hr/>	<hr/>	<hr/>	<hr/>
At 27 December 2009	35	-	12	47
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Carrying amount</i>				
At 27 December 2009	234	1	39	274
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 December 2008	234	3	41	278
	<hr/>	<hr/>	<hr/>	<hr/>

Impairment testing of goodwill and intangible fixed assets

Goodwill of £269,000 (*2008: £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.

Goodwill of £56,000 (*2008: £56,000*) relates to the acquisition of the Amato business in October 2007 and is allocated to the single restaurant acquired at that time operating under the Amato brand.

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 2010, and forecasts to 27 December 2015 based on an EBITDA growth rate of 2% for the Richoux CGUs and 20% reducing to 2% for the new Zippers CGU. The discount rate applied to cash flow projections is 12%.

In the period an impairment charge of £1,000 has been recognised in relation to the software of one of the CGUs that comprise the Richoux business following the decision to close this unit (*2008: an impairment charge of £35,000 was recognised in relation to the goodwill of one of the CGUs that comprise the Richoux business and impairment charges of £56,000 and £62,000 were recognised in relation to the goodwill and software respectively of the Amato business following the decision to discontinue this brand*).

6. Property, plant and equipment

	Investment property	Short leasehold land and buildings	Leasehold improvements	Fixtures, fittings and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 28 December 2008	1,156	3,316	17	1,508	4	6,001
Additions	(3)	885	-	513	-	1,395
Disposals	-	(238)	-	(371)	(4)	(613)
Transfer to current assets held for sale	-	(519)	-	(424)	-	(943)
At 27 December 2009	1,153	3,444	17	1,226	-	5,840
Accumulated depreciation and impairment						
At 28 December 2008	369	2,128	17	1,158	4	3,676
Charge for period	-	122	-	139	-	261
Impairment	(3)	480	-	392	-	869
Disposals	-	(231)	-	(365)	(4)	(600)
Transfer to current assets held for sale	-	(446)	-	(403)	-	(849)
At 27 December 2009	366	2,053	17	921	-	3,357
Carrying amount						
At 27 December 2009	787	1,391	-	305	-	2,483
At 28 December 2008	787	1,188	-	350	-	2,325

During the period the freehold property was transferred to investment property.

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 2010, and forecasts to 27 December 2015 based on an EBITDA growth rate of 2% for the Richoux CGUs and 20% reducing to 2% for the new Zippers CGU. The discount rate applied to cash flow projections is 12%.

In the period an impairment charge of £869,000 has been 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 (2008: an impairment charge of £944,000 was recognised relating to the unrecoverable elements of assets relating to the three Amato CGUs following the decision to discontinue this brand, an impairment charge of £518,000 was recognised relating to the unrecoverable elements of the refurbishment and fixtures and fittings of the freehold property following the decision not to proceed with the Central Kitchen, and an impairment charge of £210,000 was recognised relating to the unrecoverable elements of assets relating to one Richoux CGU based on the forecast value in use).

7. Reconciliation of operating loss to operating cash flows

	52 week period ended 27 December 2009 £'000	52 week period ended 28 December 2008 £'000
Operating loss - continuing	(1,570)	(2,131)
Profit on disposal of property, plant and equipment	(76)	-
Depreciation charge	261	324
Amortisation charge	9	18
Impairment of intangible fixed assets	1	153
Impairment of tangible fixed assets	869	1,672
(Increase)/decrease in stocks	(14)	8
Decrease/(increase) in debtors	84	(36)
Increase in creditors	236	593
Equity settled share based payments	48	121
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(152)	722
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8. 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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