

Richoux Group plc

Final results for the 52 weeks ended 29 December 2013

Richoux Group plc, the owner and operator of 18 restaurants under the Richoux, Dean's Diner, Zippers and Villagio brands, today announces its final results for the year ended 29 December 2013.

Key points:

- Turnover increased 16.5% to £11.48 million (2012: £9.85 million).
- Adjusted* EBITDA increased 14.9% to £1.49 million (2012: £1.29 million).
- Adjusted* operating profit increased 14.2% to £0.90 million (2012: £0.79 million).
- Profit after tax of £0.74 million. (2012: £0.88 million).
- Five new restaurants opened in the year.
- Currently eighteen restaurants trading.
- Cash of £4.01 million at year end (2012: £4.06 million).

* excluding pre opening costs, profit on disposal of assets held for sale and impairment.

Philip Shotter, Chairman of Richoux Group plc said:

"I am pleased to report a positive set of results showing sustained profitability and a 14.9% rise in adjusted EBITDA during a period in which the Group has opened five new restaurants. The addition of these sites and considerable growth in turnover reflects the ambition of the Board to expand the business and develop the Group's existing brands."

28 April 2014

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Chairman's Review

Results

Revenue for the 52 week period ended 29 December 2013 increased 16.5 per cent on the 53 week period ended 30 December 2012 to £11,483,000 (2012: 9,853,000). Adjusted EBITDA before pre-opening costs, impairment and profit on disposal of assets held for sale increased 14.9 per cent to £1,486,000 (2012: £1,293,000). Adjusted operating profit before pre-opening costs, impairment and profit on disposal of assets held for sale increased 14.2 per cent to £903,000 (2012: £791,000). Pre-opening costs for the period were £159,000 (2012: £45,000). The net profit for the period was £740,000 (2012: £879,000).

The Directors are not recommending the payment of a dividend.

Operations

The Group currently has eighteen restaurants which operate under the Richoux, Dean's Diner, Villagio and Zippers 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 four Richoux restaurants in Knightsbridge, Mayfair, Piccadilly and St John's Wood.

Dean's Diner

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

The Group currently has five Dean's Diner restaurants - the pre-existing restaurants in Chatham, Port Solent and Braintree and new restaurants in Fareham, which opened in May 2013 and Bicester which opened in November 2013. A new Dean's Diner restaurant is due to open in Trowbridge in July 2014.

Villagio Ristorante

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

The Group now has seven Villagio restaurants - the pre-existing restaurants in Andover, Basildon, Hammersmith, Berkhamsted and Chislehurst and new restaurants in Chiswick, which opened in March 2013, and Chatham, which opened in December 2013.

Zippers Bar, Restaurant and Grill

Zippers is an American style restaurant, bar and grill. It has a wide menu and, although food led, it also features a bar.

The Group currently has two Zippers restaurants - the pre-existing restaurant in Chatham and a new restaurant in Port Solent which opened in August 2013.

Cash flow and capital expenditure

At 29 December 2013 the Group held cash of £4.01 million (2012: £4.06 million).

Capital expenditure of £2.79 million was incurred in the period, predominantly on the fit out of the five new restaurants.

Staff

I would like to take the opportunity to thank all our staff for the commitment and enthusiasm they have shown in 2013.

Outlook

Trading has been in line with expectations since the year end. We have also exchanged on a sixth Dean's Diner site in Trowbridge which should open in July 2014. We are at an advanced stage of negotiations on two further sites and would hope to open three to four sites this year. We are also progressing our pipeline for openings in 2015 and 2016.

Philip Shotter
Chairman
25 April 2014

Strategic Report

Business review and key performance indicators

Revenue has continued to grow in the year reflecting the strong trading performance of our existing sites and benefits coming through from the five new restaurants. Adjusted EBITDA has also shown significant growth, up 14.9 percent on 2012, reflecting the Group's ability to maintain earnings margins whilst raising top line sales. As expected, profit after tax is marginally down on the prior year at £0.74 million (2012: £0.88 million). This slight decrease largely reflects the pre-opening costs incurred in the year of £159,000, up from £45,000 in 2012 and the profit on disposal of assets held for sale of £109,000 in 2012.

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.

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 auto enrolment pension costs 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 a congested and evolving restaurant market. The Group will also consider further Villagio and Zippers Bar, Restaurant and Grill 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

25 April 2014

Richoux Group plc
Consolidated statement of comprehensive income

for the 52 week period ended 29 December 2013

	<i>Notes</i>	52 week period ended 29 December 2013 £000	53 week period ended 30 December 2012 £000
Revenue		11,483	9,853
Cost of sales:			
Excluding pre-opening costs		(9,964)	(8,324)
Pre-opening costs		(159)	(45)
Total cost of sales		(10,123)	(8,369)
Gross profit		1,360	1,484
Administrative expenses		(617)	(738)
Net profit on disposal of assets held for sale		-	109
Other operating income		1	-
Operating profit before impairment		744	855
Impairment of property, plant and equipment	7	(32)	-
Operating profit		712	855
Finance income		30	24
Finance expense		(2)	-
Profit before taxation	3	740	879
Taxation		-	-
Profit and total comprehensive profit for the period		740	879
Profit and total comprehensive profit attributable to equity holders of the parent		740	879
Profit and total comprehensive profit per share:			
Profit per share	4	0.8p	1.2p
Diluted profit per share	4	0.8p	1.2p

Richoux Group plc
Consolidated statement of changes in equity

For the 52 week period ended 29 December 2013

	Share capital £000	Share premium account £000	Profit and loss account £000	Total £000
At 25 December 2011	2,681	11,295	(9,662)	4,314
Profit for the period	-	-	879	879
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive profit	-	-	879	879
	<hr/>	<hr/>	<hr/>	<hr/>
Credit to equity for equity settled share based payments	-	-	72	72
New share capital subscribed	1,000	1,000	-	2,000
New share capital issue costs	-	(53)	-	(53)
	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners of the Company, recognised directly in equity	1,000	947	72	2,019
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 December 2012	3,681	12,242	(8,711)	7,212
Profit for the period	-	-	740	740
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive profit	-	-	740	740
	<hr/>	<hr/>	<hr/>	<hr/>
Credit to equity for equity settled share based payments	-	-	41	41
	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners of the Company, recognised directly in equity	-	-	41	41
	<hr/>	<hr/>	<hr/>	<hr/>
At 29 December 2013	3,681	12,242	(7,930)	7,993
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Richoux Group plc
Consolidated statement of financial position

at 29 December 2013

	<i>Notes</i>	29 December 2013 £000	30 December 2012 £000
Assets			
Non-current assets			
Goodwill	6	234	234
Other intangible assets	6	73	61
Property, plant and equipment	7	6,348	4,204
Trade and other receivables		40	41
		<hr/>	<hr/>
Total non-current assets		6,695	4,540
		<hr/>	<hr/>
Current assets			
Inventories		195	156
Trade and other receivables		666	441
Cash held on deposit		-	2,500
Cash and cash equivalents		4,009	1,559
		<hr/>	<hr/>
Total current assets		4,870	4,656
		<hr/>	<hr/>
Total assets		11,565	9,196
		<hr/>	<hr/>
Liabilities			
Current liabilities			
Trade and other payables		(3,284)	(1,845)
		<hr/>	<hr/>
Total current liabilities		(3,284)	(1,845)
		<hr/>	<hr/>
Non-current liabilities			
Trade and other payables		(288)	(139)
		<hr/>	<hr/>
Total non-current liabilities		(288)	(139)
		<hr/>	<hr/>
Total liabilities		(3,572)	(1,984)
		<hr/>	<hr/>
Net assets		7,993	7,212
		<hr/>	<hr/>
Capital and reserves			
Share capital		3,681	3,681
Share premium account		12,242	12,242
Retained earnings		(7,930)	(8,711)
		<hr/>	<hr/>
Total equity		7,993	7,212
		<hr/>	<hr/>

Richoux Group plc
Consolidated statement of cash flows

for the 52 week period ended 29 December 2013

	<i>Notes</i>	52 week period ended 29 December 2013 £000	53 week period ended 30 December 2012 £000
Operating activities			
Cash generated from operations	<i>8</i>	1,944	827
Interest paid		(2)	-
		<hr/>	<hr/>
Net cash from operating activities		1,942	827
		<hr/>	<hr/>
Investing activities			
Purchase of property, plant and equipment		(1,987)	(688)
Purchase of intangible fixed assets		(37)	(10)
Cash held on deposit		2,500	(2,500)
Net proceeds from sale of property, plant and equipment		2	24
Net proceeds from sale of assets held for sale		-	896
Interest received		30	24
		<hr/>	<hr/>
Net cash from/(used in) investing activities		508	(2,254)
		<hr/>	<hr/>
Financing activities			
Proceeds from issue of ordinary shares		-	2,000
Share issue costs		-	(53)
		<hr/>	<hr/>
Net cash from financing activities		-	1,947
		<hr/>	<hr/>
Net increase in cash and cash equivalents		2,450	520
Cash and cash equivalents at the beginning of the period		1,559	1,039
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period		4,009	1,559
		<hr/> <hr/>	<hr/> <hr/>

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 30 December 2012 or 29 December 2013 but it is derived from those accounts. Statutory accounts for 30 December 2012 have been delivered to the Registrar of Companies and those for 29 December 2013 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 four reportable business segments based around its core restaurant brands, Richoux, Villagio, Zippers and Dean's Diner. 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 29 December 2013

	Dean's Diner	Zippers	Villagio	Richoux	Un- allocated	Total
	£000	£000	£000	£000	£000	£000
Revenue	2,704	967	3,192	4,620	-	11,483
Segment profit/(loss)	445	65	20	970	(140)	1,360
Administrative expenses	-	-	-	-	(617)	(617)
Other operating income	-	-	-	-	1	1
Impairment of property, plant and equipment	-	-	(32)	-	-	(32)
Finance income	-	-	-	-	30	30
Finance expense	-	-	-	-	(2)	(2)
Profit/(loss) before taxation	445	65	(12)	970	(728)	740
Non current assets as at 30 December 2012	1,234	375	1,768	1,085	78	4,540
Additions	1,063	637	971	69	45	2,785
Transfers	-	(8)	8	-	-	-
Depreciation and amortisation	(154)	(59)	(204)	(142)	(24)	(583)
Impairment of property, plant and equipment	-	-	(32)	-	-	(32)
Disposals	(10)	(1)	(2)	(1)	(1)	(15)
Non current assets as at 29 December 2013	2,133	944	2,509	1,011	98	6,695

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:

	29 December 2013 £000	30 December 2012 £000
Profit		
Profit for the purposes of basic profit per share being the net profit attributable to equity holders of the parent	740	879
	<hr/> <hr/>	<hr/> <hr/>
Number of shares		
Weighted average number of ordinary shares for the purposes of the basic profit per share	92,019,612	72,545,218
Effect of dilutive potential ordinary shares:		
Share options and warrants	1,546,101	-
	<hr/> <hr/>	<hr/> <hr/>
Weighted average number of ordinary shares for the purposes of diluted profit per share	93,665,713	72,545,218
	<hr/> <hr/>	<hr/> <hr/>
Share options and warrants not included in the diluted calculations as per the requirements of IAS 33 (as they are anti-dilutive)	2,736,652	4,259,465
	<hr/> <hr/>	<hr/> <hr/>
Basic profit per share:		
From total operations	0.8p	1.2p
	<hr/> <hr/>	<hr/> <hr/>
Diluted profit per share:		
From total operations	0.8p	1.2p
	<hr/> <hr/>	<hr/> <hr/>

5. No dividend is proposed.

6. Intangible fixed assets

	Goodwill £000	Trademarks £000	Software £000	Total £000
<i>Cost</i>				
At 30 December 2012	269	18	113	400
Additions	-	3	34	37
Disposals	-	-	(2)	(2)
	<hr/>	<hr/>	<hr/>	<hr/>
At 29 December 2013	269	21	145	435
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated amortisation and impairment</i>				
At 30 December 2012	35	3	67	105
Charge for the period	-	2	23	25
Disposal	-	-	(2)	(2)
	<hr/>	<hr/>	<hr/>	<hr/>
At 29 December 2013	35	5	88	128
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Carrying amount</i>				
At 29 December 2013	234	16	57	307
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 December 2012	234	15	46	295
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Impairment testing of goodwill and intangible fixed assets

Goodwill of £269,000 (*2012: £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 2014, and forecasts to December 2018 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.

No impairment provision is required (*2012: £nil*). The value in use of the remaining restaurants is higher than the carrying value.

7. Property, plant and equipment

	Short leasehold land and buildings	Fixtures, fittings and equipment	Total
	£000	£000	£000
Cost			
At 30 December 2012	5,964	2,418	8,382
Additions	1,742	1,006	2,748
Disposals	(85)	(103)	(188)
	<hr/>	<hr/>	<hr/>
At 29 December 2013	7,621	3,321	10,942
	<hr/>	<hr/>	<hr/>
Accumulated depreciation and impairment			
At 30 December 2012	2,777	1,401	4,178
Charge for period	242	316	558
Impairment	63	(31)	32
Disposals	(79)	(95)	(174)
	<hr/>	<hr/>	<hr/>
At 29 December 2013	3,003	1,591	4,594
	<hr/>	<hr/>	<hr/>
Carrying amount			
At 29 December 2013	4,618	1,730	6,348
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 December 2012	3,187	1,017	4,204
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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 2014, and forecasts to December 2018 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.

A net impairment charge of £32,000 has been recognised; £244,000 has been reversed following the successful rebranding of one restaurant as a Villagio restaurant in the previous period and a charge of £276,000 has been made in relation to two underperforming Villagio restaurants (2012: *Eni*). The value in use of the remaining restaurants is higher than the carrying value.

8. Reconciliation of operating profit to operating cash flows

	52 week period ended 29 December 2013 £000	53 week period ended 30 December 2012 £000
Operating profit	712	855
Loss/(profit) on disposal of property, plant and equipment	12	(22)
Profit on disposal of assets held for sale	-	(109)
Depreciation charge	558	482
Amortisation charge	25	20
Impairment of intangible fixed assets	32	-
(Increase)/decrease in stocks	(39)	22
(Increase)/decrease in debtors	(224)	101
Increase/(decrease) in creditors	827	(594)
Equity settled share based payments	41	72
	<hr/>	<hr/>
Net cash inflow from operating activities	1,944	827
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9. Post balance sheet events

On the 4 April 2014 the Group entered into an agreement for a new twenty five year lease for a new restaurant in Trowbridge, Wiltshire at a rent of £67,600 per annum.

10. Related party transactions

During the period the Group paid professional fees for legal services of £62,000 (2012: £67,000) to Glovers Solicitors LLP of which Philip Shotter is a member. As at the end of the period £7,000 (2012: £6,000) 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

	2013	£2012
	£000	£000
Short term employee benefits	272	274
Share based payments	26	66
	<hr/>	<hr/>
	298	340
	<hr/> <hr/>	<hr/> <hr/>

During the previous period Salvatore Diliberto subscribed for 5,781,250 ordinary shares, The Hon. Robert A. Rayne subscribed for 5,781,250 ordinary shares, and Edward Standring subscribed for 1,875,000 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 previous period Phillip Kaye subscribed for 5,781,250 ordinary shares and Michinoko Limited subscribed for 5,781,250 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 paid £14,000 (2012: £25,000) to Prezzo plc, a Company in which Phillip Kaye is a shareholder, for fixtures, fittings and equipment.

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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