



Richoux Group plc

Interim Report
for the period to
10 July 2016

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Chairman's Review

Results

Revenue for the 28 week period ended 10 July 2016 increased 5.7% on the 28 week period ended 12 July 2015 to £7.08 million (2015: £6.70 million). Adjusted EBITDA before pre-opening costs and impairment decreased to £0.28 million (2015: £0.79 million). Adjusted operating loss before pre-opening costs and impairment decreased to £0.15 million (2015: profit £0.39 million). Pre-opening costs for the period were £0.09 million (2015: £0.08 million). The net loss for the period was £0.58 million (2015: profit £0.32 million).

The Directors are not recommending the payment of a dividend.

Operations

The Group currently has twenty-three operating restaurants, which operate under the Richoux, Dean's Diner and Villagio 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 has five Richoux restaurants in Central London – in Knightsbridge, Mayfair, Piccadilly, St John's Wood and Gloucester Arcade.

Dean's Diner

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

The Group currently has nine Dean's Diner restaurants – the existing restaurants in Chatham, Port Solent, Braintree, Fareham, Bicester, Trowbridge and Hempstead Valley and new restaurants in Orpington; which opened in February 2016 and Yate; which opened in May 2016. An agreement for lease has been exchanged for a new Dean's Diners in Bromley which is due to open in late 2017. An impairment charge of £0.29 million has been made against the restaurants in Bicester and Trowbridge.

Villagio

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

The Group currently has eight Villagio restaurants in Andover, Basildon, Hammersmith, Chislehurst, Port Solent, Chatham and High Wycombe and a new restaurant in Canterbury; which opened in July 2016. An impairment charge of £0.06 million has been made against the restaurant in Chislehurst.

The Group also has one Italian restaurant trading as Zippers Bar, Restaurant and Grill in Chatham.

Capital expenditure and cash flow

As at the end of the period under review the Group held cash of £3.09 million (December 2015: £4.40 million).

Capital expenditure of £1.71 million was incurred in the period; on the fit out of the new restaurants and some replacement equipment in the existing sites.

Outlook

The Group will be focusing on improving performance of the three principal trading formats at existing sites but will continue to evaluate new sites for further acquisitions as and when suitable opportunities present themselves.

Philip Shotter

Chairman

8 September 2016

Condensed consolidated statement of comprehensive income

for the 28 week period ended 10 July 2016

		28 week period ended 10 July 2016 £'000	28 week period ended 12 July 2015 £'000	52 week period ended 27 December 2015 £'000
	Note			
Revenue	3	7,075	6,695	13,027
Cost of sales:				
Excluding pre-opening costs		(6,930)	(6,006)	(11,612)
Pre-opening costs		(86)	(75)	(181)
Total cost of sales		(7,016)	(6,081)	(11,793)
Gross profit		59	614	1,234
Administrative expenses		(293)	(303)	(506)
Other operating income		1	3	3
Operating (loss)/profit before impairment		(233)	314	731
Impairment of intangible assets	6	-	-	(1)
Impairment of property, plant and equipment	7	(352)	-	(526)
Onerous lease provision		-	-	150
Operating (loss)/profit		(585)	314	354
Finance income		6	6	11
(Loss)/profit before taxation	3	(579)	320	365
Taxation		-	-	-
(Loss)/profit and total comprehensive (loss)/profit for the period		(579)	320	365
(Loss)/profit and total comprehensive (loss)/profit attributable to equity holders of the parent		(579)	320	365
(Loss)/profit and total comprehensive (loss)/profit per share:				
(Loss)/profit per share	4	(0.6)p	0.3p	0.4p
Diluted (loss)/profit per share	4	(0.6)p	0.3p	0.4p

Condensed consolidated statement of changes in equity

for the 28 week period ended 10 July 2016

	<i>Share capital £'000</i>	<i>Share premium account £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
At 28 December 2014	3,681	12,242	(7,483)	8,440
Profit for the period	–	–	320	320
Total comprehensive profit	–	–	320	320
Credit to equity for equity settled share based payments	–	–	33	33
Total contributions by and distributions to owners of the Company, recognised directly in equity	–	–	33	33
At 12 July 2015	3,681	12,242	(7,130)	8,793
Profit for the period	–	–	45	45
Total comprehensive profit	–	–	45	45
Credit to equity for equity settled share based payments	–	–	13	13
New share capital subscribed	3	7	–	10
Total contributions by and distributions to owners of the Company, recognised directly in equity	3	7	13	23
At 27 December 2015	3,684	12,249	(7,072)	8,861
Loss for the period	–	–	(579)	(579)
Total comprehensive loss	–	–	(579)	(579)
Credit to equity for equity settled share based payments	–	–	16	16
Total contributions by and distributions to owners of the Company, recognised directly in equity	–	–	16	16
At 10 July 2016	3,684	12,249	(7,635)	8,298

Condensed consolidated statement of financial position

at 10 July 2016

		10 July	12 July	27 December
		2016	2015	2015
	Note	£'000	£'000	£'000
Assets				
Non-current assets				
Goodwill	6	234	234	234
Other intangible assets	6	61	75	70
Property, plant and equipment	7	7,297	6,296	6,367
Trade and other receivables		–	38	–
Total non-current assets	3	7,592	6,643	6,671
Current assets				
Inventories		206	179	215
Trade and other receivables		1,105	897	893
Cash and cash equivalents		3,094	4,396	4,402
Total current assets		4,405	5,472	5,510
Total assets		11,997	12,115	12,181
Liabilities				
Current liabilities				
Trade and other payables		(3,253)	(2,775)	(2,894)
Provisions		–	(150)	–
Total current liabilities		(3,253)	(2,925)	(2,894)
Non-current liabilities				
Trade and other payables		(446)	(397)	(426)
Total non-current liabilities		(446)	(397)	(426)
Total liabilities		(3,699)	(3,322)	(3,320)
Net assets		8,298	8,793	8,861
Capital and reserves				
Share capital		3,684	3,681	3,684
Share premium account		12,249	12,242	12,249
Retained earnings		(7,635)	(7,130)	(7,072)
Total equity		8,298	8,793	8,861

Condensed consolidated statement of cash flows

for the 28 week period ended 10 July 2016

		28 week period ended 10 July 2016 £'000	<i>28 week period ended 12 July 2015 £'000</i>	<i>52 week period ended 27 December 2015 £'000</i>
	<i>Note</i>			
Operating activities				
Cash generated from operations	8	133	886	1,767
Interest paid		-	-	-
Net cash from operating activities		133	886	1,767
Investing activities				
Purchase of property, plant and equipment		(1,445)	(426)	(1,307)
Purchase intangible assets		(4)	(17)	(26)
Net proceeds from sale of property, plant and equipment		2	-	-
Interest received		6	6	11
Net cash used in investing activities		(1,441)	(437)	(1,322)
Financing activities				
Proceeds from issue of ordinary shares		-	-	10
Net cash from financing activities		-	-	10
Net increase/(decrease) in cash and cash equivalents		(1,308)	449	455
Cash and cash equivalents at the beginning of the period		4,402	3,947	3,947
Cash and cash equivalents at the end of the period		3,094	4,396	4,402

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 10 July 2016 and the 28 week period ended 12 July 2015 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 27 December 2015 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 27 December 2015. 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 27 December 2015. The condensed financial information for the 28 week period ended 10 July 2016 and the 28 week period ended 12 July 2015 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 27 December 2015 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 27 December 2015 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.

Notes

continued

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, Dean's Diner, Villagio and Richoux. 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 10 July 2016

	<i>Dean's Diner</i>	<i>Villagio</i>	<i>Richoux</i>	<i>Unallocated</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000
Revenue	2,188	2,465	2,422	–	7,075
Segment profit/(loss)	(25)	74	122	(112)	59
Administrative expenses	–	–	–	(293)	(293)
Other operating income	–	–	–	1	1
Impairment of property, plant and equipment	(292)	(60)	–	–	(352)
Finance income	–	–	–	6	6
(Loss)/profit before taxation	(317)	14	122	(398)	(579)
Non-current assets as at 27 December 2015	2,638	2,319	1,640	74	6,671
Additions	885	783	40	5	1,713
Depreciation and amortisation	(164)	(155)	(93)	(16)	(428)
Impairment of property, plant and equipment	(292)	(60)	–	–	(352)
Disposals	(5)	(4)	(3)	–	(12)
Non-current assets as at 10 July 2016	3,062	2,883	1,584	63	7,592

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.

Notes

continued

4. (Loss)/profit per share

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

	10 July	<i>12 July</i>	<i>27 December</i>
	2016	<i>2015</i>	<i>2015</i>
	£'000	<i>£'000</i>	<i>£'000</i>
(Loss)/profit			
(Loss)/profit for the purposes of basic (loss)/profit per share being the net profit attributable to equity holders of the parent	<u>(579)</u>	<u>320</u>	<u>365</u>
Number of shares			
Weighted average number of ordinary shares for the purposes of the basic profit per share	92,109,612	92,019,612	92,037,661
Effect of dilutive potential ordinary shares: Share options	<u>2,013,385</u>	<u>1,961,242</u>	<u>2,042,134</u>
Weighted average number of ordinary shares for the purposes of the diluted profit per share	<u>94,122,997</u>	<u>93,981,854</u>	<u>94,079,795</u>
Share options not included in the diluted calculations as per the requirements of IAS 33 (as they are anti-dilutive)	<u>3,445,618</u>	<u>3,986,761</u>	<u>3,416,869</u>
Basic (loss)/profit per share:			
From total operations	<u>(0.6)p</u>	<u>0.3p</u>	<u>0.4p</u>
Diluted (loss)/profit per share:			
From total operations	<u>(0.6)p</u>	<u>0.3p</u>	<u>0.4p</u>

5. No dividend is proposed.

Notes

continued

6. Intangible fixed assets

	<i>Goodwill</i> £'000	<i>Trademarks</i> £'000	<i>Software</i> £'000	<i>Total</i> £'000
Cost				
At 28 December 2014	269	23	161	453
Additions	–	–	17	17
Disposals	–	–	(12)	(12)
At 12 July 2015	269	23	166	458
Additions	–	1	8	9
Disposals	–	–	(4)	(4)
At 27 December 2015	269	24	170	463
Additions	–	–	4	4
Disposals	–	–	(4)	(4)
At 10 July 2016	269	24	170	463
Accumulated amortisation and impairment				
At 28 December 2014	35	7	105	147
Charge for period	–	2	11	13
Disposals	–	–	(11)	(11)
At 12 July 2015	35	9	105	149
Charge for period	–	1	8	9
Impairment	–	–	1	1
Disposals	–	–	–	–
At 27 December 2015	35	10	114	159
Charge for period	–	1	10	11
Disposals	–	–	(2)	(2)
At 10 July 2016	35	11	122	168
Carrying amount				
At 10 July 2016	234	13	48	295
At 27 December 2015	234	14	56	304
At 12 July 2015	234	14	61	309

Impairment testing of goodwill and intangible fixed assets

Goodwill of £269,000 (2015: £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 forecasts to December 2021 based on a sales growth rate of 2 per cent for established sites. The discount rate applied to cash flow projections is 10 per cent.

No impairment provision is required (December 2015: £1,000).

Notes

continued

7. Property, plant and equipment

	<i>Short leasehold land and buildings £'000</i>	<i>Fixtures, fittings, and equipment £'000</i>	<i>Total £'000</i>
Cost			
At 28 December 2014	7,551	3,297	10,848
Additions	555	182	737
Disposals	–	(39)	(39)
At 12 July 2015	8,106	3,440	11,546
Additions	576	352	928
Disposals	(17)	(49)	(66)
At 27 December 2015	8,665	3,743	12,408
Additions	1,207	502	1,709
Disposals	(2)	(58)	(60)
At 10 July 2016	9,870	4,187	14,057
Accumulated amortisation and impairment			
At 28 December 2014	3,069	1,826	4,895
Charge for period	178	212	390
Disposals	–	(35)	(35)
At 12 July 2015	3,247	2,003	5,250
Charge for period	118	199	317
Impairment	443	83	526
Disposals	(17)	(35)	(52)
At 27 December 2015	3,791	2,250	6,041
Charge for period	175	242	417
Impairment	352	–	352
Disposals	(1)	(49)	(50)
At 10 July 2016	4,317	2,443	6,760
Carrying amount			
At 10 July 2016	5,553	1,744	7,297
At 27 December 2015	4,874	1,493	6,367
At 12 July 2015	4,859	1,437	6,296

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 2021 based on a sales growth rate of 2 per cent for established sites. The discount rate applied to cash flow projections is 10 per cent.

An impairment charge of £352,000 has been recognised in relation to the irrecoverable elements of the assets of two Dean's Diner restaurants and one Villagio restaurant (*December 2015: £526,000*).

Notes

continued

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

	28 week period ended 10 July 2016 £'000	28 week period ended 12 July 2015 £'000	52 week period ended 27 December 2015 £'000
Operating (loss)/profit	(585)	314	354
Loss on disposal of intangible fixed assets	2	1	5
Loss on disposal of property, plant and equipment	8	4	18
Depreciation charge	417	390	707
Amortisation charge	11	13	22
Impairment of intangible fixed assets	-	-	1
Impairment of property, plant and equipment	352	-	526
Decrease/(increase) in stocks	9	19	(17)
Increase in debtors	(212)	(204)	(162)
Increase/(decrease) in creditors	115	316	267
Equity settled share based payments	16	33	46
Net cash inflow from operating activities	133	886	1,767

9. Related party transactions

During the period the Group paid professional fees for legal services in connection with properties of £20,000 (*July 2015: £32,000, December 2015: £45,000*) to Glovers Solicitors LLP of which Philip Shotter is a member. As at the end of the period £nil was outstanding (*December 2015: £5,000*). This is in addition to fees included in Directors' emoluments.

Transactions with directors:

Directors' emoluments

	28 week period ended 10 July 2016 £'000	28 week period ended 12 July 2015 £'000	52 week period ended 27 December 2015 £'000
Short term employee benefits	152	151	280
Share based payments	8	15	25
	160	166	305



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