



Richoux Group plc

Interim Report
for the period to
12 July 2015

www.richouxgroup.co.uk

Chairman's Review

Results

Revenue for the 28 week period ended 12 July 2015 increased 0.3% on the 28 week period ended 13 July 2014 to £6.70 million (2014: £6.68 million, included revenue from two restaurants which were closed in the second half of 2014). Adjusted EBITDA before pre-opening costs and impairment increased 1.1% to £0.79 million (2014: £0.78 million). Adjusted operating profit before pre-opening costs and impairment increased 2.6% to £0.39 million (2014: £0.38 million). Pre-opening costs for the period were £0.08 million (2014: £0.04 million). The net profit for the period was £0.32 million (2014: £0.16 million).

The Directors are not recommending the payment of a dividend.

Operations

The Group currently has nineteen 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 – the existing restaurants in Knightsbridge, Mayfair, Piccadilly and St John's Wood and a new restaurant in Gloucester Road which opened in August 2015.

Dean's Diner

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

The Group has currently has seven Dean's Diner restaurants – the existing restaurants in Chatham, Port Solent, Braintree, Fareham, Bicester and Trowbridge and a new restaurant in Hempstead Valley which opened in July 2015. Agreements for lease have been exchanged for new Dean's Diners in Orpington which is due to open before the end of the year and Bromley and Yate which are due to open in 2016.

Villagio

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

The Group currently has five Villagio restaurants in Andover, Basildon, Hammersmith, Chislehurst and Chatham. The Group plans to rebrand as a Villagio restaurant its property in High Wycombe which it has had to take a reassignment of under an authorised guarantee agreement. This restaurant is due to open before the end of the year.

The Group also has two Italian restaurants trading as Zippers Bar, Restaurant and Grill – one in Chatham and one in Port Solent.

Capital expenditure and cash flow

As at the end of the period under review the Group held cash of £4.40 million (December 2014: £3.13 million).

Capital expenditure of £0.75 million was incurred in the period; on the fit out of the new restaurants and some replacement equipment in the existing sites.

Outlook

We hope to build on the solid start to the year over the remainder of the year. We are continuing to expand the Dean's Diner portfolio and are actively looking to add to the two opening already secured for next year. The new Richoux site in Gloucester Road has also demonstrated that there is scope for further openings of this brand but only where the appropriate geographic locations and sites can be identified.

Philip Shotter

Chairman

22 September 2015

Condensed consolidated statement of comprehensive income

for the 28 week period ended 12 July 2015

	28 week period ended 12 July 2015	<i>28 week period ended 13 July 2014</i>	<i>52 week period ended 28 December 2014</i>	
Note	£'000	<i>£'000</i>	<i>£'000</i>	
Revenue	3	6,695	6,678	12,679
Cost of sales:				
Excluding pre-opening costs		(6,006)	(5,975)	(11,220)
Pre-opening costs		(75)	(35)	(35)
Total cost of sales		(6,081)	(6,010)	(11,255)
Gross profit		614	668	1,424
Administrative expenses		(303)	(324)	(583)
Other operating income		3	–	–
Operating profit before impairment		314	344	841
Impairment of intangible assets	6	–	(6)	(6)
Impairment of property, plant and equipment	7	–	(184)	(274)
Onerous lease provision		–	–	(150)
Operating profit		314	154	411
Finance income		6	5	9
Profit before taxation	3	320	159	420
Taxation		–	–	–
Profit and total comprehensive profit for the period		320	159	420
Profit and total comprehensive profit attributable to equity holders of the parent		320	159	420
Profit and total comprehensive profit per share:				
Profit per share	4	0.3p	0.2p	0.5p
Diluted profit per share	4	0.3p	0.2p	0.4p

Condensed consolidated statement of changes in equity

for the 28 week period ended 12 July 2015

	<i>Share capital £'000</i>	<i>Share premium account £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
At 29 December 2013	3,681	12,242	(7,930)	7,993
Profit for the period	–	–	159	159
Total comprehensive profit	–	–	159	159
Credit to equity for equity settled share based payments	–	–	28	28
Total contributions by and distributions to owners of the Company, recognised directly in equity	–	–	28	28
At 13 July 2014	3,681	12,242	(7,743)	8,180
Profit for the period	–	–	261	261
Total comprehensive profit	–	–	261	261
Credit to equity for equity settled share based payments	–	–	(1)	(1)
Total contributions by and distributions to owners of the Company, recognised directly in equity	–	–	(1)	(1)
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

Condensed consolidated statement of financial position

at 12 July 2015

		12 July	13 July	28 December
		2015	2014	2014
	Note	£'000	£'000	£'000
Assets				
Non-current assets				
Goodwill	6	234	234	234
Other intangible assets	6	75	66	72
Property, plant and equipment	7	6,296	6,441	5,953
Trade and other receivables		38	40	40
Total non-current assets	3	6,643	6,781	6,299
Current assets				
Inventories		179	205	198
Trade and other receivables		897	917	691
Cash and cash equivalents		4,396	3,133	3,947
Total current assets		5,472	4,255	4,836
Total assets		12,115	11,036	11,135
Liabilities				
Current liabilities				
Trade and other payables		(2,775)	(2,509)	(2,172)
Provisions		(150)	–	(150)
Total current liabilities		(2,925)	(2,509)	(2,322)
Non-current liabilities				
Trade and other payables		(397)	(347)	(373)
Total non-current liabilities		(397)	(347)	(373)
Total liabilities		(3,322)	(2,856)	(2,695)
Net assets		8,793	8,180	8,440
Capital and reserves				
Share capital		3,681	3,681	3,681
Share premium account		12,242	12,242	12,242
Retained earnings		(7,130)	(7,743)	(7,483)
Total equity		8,793	8,180	8,440

Condensed consolidated statement of cash flows

for the 28 week period ended 12 July 2015

		28 week period ended 12 July 2015 £'000	<i>28 week period ended 13 July 2014 £'000</i>	<i>52 week period ended 28 December 2014 £'000</i>
	<i>Note</i>			
Operating activities				
Cash generated from operations	8	886	463	1,486
Interest paid		–	–	–
Net cash from operating activities		886	463	1,486
Investing activities				
Purchase of property, plant and equipment		(426)	(1,334)	(1,816)
Purchase intangible assets		(17)	(10)	(27)
Net proceeds from sale of property, plant and equipment		–	–	286
Interest received		6	5	9
Net cash used in investing activities		(437)	(1,339)	(1,548)
Net increase/(decrease) in cash and cash equivalents				
Cash and cash equivalents at the beginning of the period		3,947	4,009	4,009
Cash and cash equivalents at the end of the period		4,396	3,133	3,947

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 12 July 2015 and the 28 week period ended 13 July 2014 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 28 December 2014 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 28 December 2014. 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 28 December 2014. The condensed financial information for the 28 week period ended 12 July 2015 and the 28 week period ended 13 July 2014 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 28 December 2014 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 28 December 2014 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 12 July 2015

	<i>Dean's Diner</i>	<i>Villagio</i>	<i>Richoux</i>	<i>Unallocated</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000
Revenue	1,968	2,556	2,171	–	6,695
Segment profit/(loss)	123	331	284	(124)	614
Administrative expenses	–	–	–	(303)	(303)
Other operating income	–	–	–	3	3
Finance income	–	–	–	6	6
Profit before taxation	<u>123</u>	<u>331</u>	<u>284</u>	<u>(418)</u>	<u>320</u>
Non-current assets as at 28 December 2014	2,590	2,609	1,004	96	6,299
Additions	560	33	156	5	754
Depreciation and amortisation	(139)	(162)	(85)	(17)	(403)
Disposals	<u>(3)</u>	<u>(2)</u>	<u>(2)</u>	<u>–</u>	<u>(7)</u>
Non-current assets as at 12 July 2015	<u>3,008</u>	<u>2,478</u>	<u>1,073</u>	<u>84</u>	<u>6,643</u>

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. Profit per share

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

	12 July	<i>13 July</i>	<i>28 December</i>
	2015	<i>2014</i>	<i>2014</i>
	£'000	<i>£'000</i>	<i>£'000</i>
Profit			
Profit for the purposes of basic profit per share being the net profit attributable to equity holders of the parent	<u>320</u>	<u>159</u>	<u>420</u>
Number of shares			
Weighted average number of ordinary shares for the purposes of the basic profit per share	92,019,612	92,019,612	92,019,612
Effect of dilutive potential ordinary shares: Share options	<u>1,962,242</u>	<u>1,010,932</u>	<u>2,564,456</u>
Weighted average number of ordinary shares for the purposes of the diluted profit per share	<u>93,981,854</u>	<u>93,030,544</u>	<u>94,584,068</u>
Share options not included in the diluted calculations as per the requirements of IAS 33 (as they are anti-dilutive)	<u>3,986,761</u>	<u>3,271,821</u>	<u>3,384,547</u>
Basic profit per share:			
From total operations	<u>0.3p</u>	<u>0.2p</u>	<u>0.5p</u>
Diluted profit per share:			
From total operations	<u>0.3p</u>	<u>0.2p</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 29 December 2013	269	21	145	435
Additions	–	1	9	10
At 13 July 2014	269	22	154	445
Additions	–	1	16	17
Disposals	–	–	(9)	(9)
At 28 December 2014	269	23	161	453
Additions	–	–	17	17
Disposals	–	–	(12)	(12)
At 12 July 2015	269	23	166	458
Accumulated amortisation and impairment				
At 29 December 2013	35	5	88	128
Charge for period	–	1	10	11
Impairment	–	–	6	6
At 13 July 2014	35	6	104	145
Charge for period	–	1	10	11
Disposals	–	–	(9)	(9)
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
Carrying amount				
At 12 July 2015	234	14	61	309
At 28 December 2014	234	16	56	306
At 13 July 2014	234	16	50	300

Impairment testing of goodwill and intangible fixed assets

Goodwill of £269,000 (2014: £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 2020 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 2014: £6,000).

Notes

continued

7. Property, plant and equipment

	Short leasehold land and buildings £000	Fixtures, fittings, and equipment £000	Total £000
Cost			
At 29 December 2013	7,621	3,321	10,942
Additions	494	182	676
Disposals	(29)	(24)	(53)
At 13 July 2014	8,086	3,479	11,565
Additions	81	168	249
Transfers	42	(42)	–
Disposals	(658)	(308)	(966)
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
Accumulated amortisation and impairment			
At 29 December 2013	3,003	1,591	4,594
Charge for period	190	203	393
Impairment	166	18	184
Disposals	(27)	(20)	(47)
At 13 July 2014	3,332	1,792	5,124
Charge for period	131	212	343
Transfers	21	(21)	–
Impairment	91	(1)	90
Disposals	(506)	(156)	(662)
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
Carrying amount			
At 12 July 2015	4,859	1,437	6,296
At 28 December 2014	4,482	1,471	5,953
At 13 July 2014	4,754	1,687	6,441

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 2020 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 2014: £274,000*).

Notes

continued

8. Reconciliation of operating profit to operating cash flows

	28 week period ended 12 July 2015 £'000	28 week period ended 13 July 2014 £'000	52 week period ended 28 December 2014 £'000
Operating profit	314	154	411
Loss on disposal of intangible fixed assets	1	–	–
Loss on disposal of property, plant and equipment	4	6	24
Depreciation charge	390	393	736
Amortisation charge	13	11	22
Impairment of intangible fixed assets	–	6	6
Impairment of property, plant and equipment	–	184	274
Decrease/(increase) in stocks	19	(10)	(3)
Increase in debtors	(204)	(251)	(25)
Increase/(decrease) in creditors	316	(58)	14
Equity settled share based payments	33	28	27
Net cash inflow from operating activities	886	463	1,486

9. Related party transactions

During the period the Group paid professional fees for legal services in connection with properties of £32,000 (*July 2014: £16,000, December 2014: £50,000*) to Glovers Solicitors LLP of which Philip Shotter is a member. As at the end of the period £2,000 was outstanding (*December 2014: £nil*). 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 12 July 2015 £'000	28 week period ended 13 July 2014 £'000	52 week period ended 28 December 2014 £'000
Short term employee benefits	151	147	273
Share based payments	15	20	14
	166	167	287



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