



*Richoux Group plc*

Interim Report  
for the period to  
13 July 2014

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# Chairman's Review

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## Results

Revenue for the 28 week period ended 13 July 2014 increased 14.4% on the 28 week period ended 14 July 2013 to £6.68 million (2013: £5.84 million). Adjusted EBITDA before pre-opening costs and impairment decreased 2.7% to £0.78 million (2013: £0.81 million). Adjusted operating profit before pre-opening costs and impairment decreased 23.1% to £0.38 million (2013: £0.49 million). Pre-opening costs for the period were £0.04 million (2013: £0.07 million). The net profit for the period was £0.16 million (2013: £0.45 million).

The Directors are not recommending the payment of a dividend.

## Operations

The Group currently has seventeen operating restaurants, which operate under the Dean's Diner, Zippers, Richoux and Villagio brands. Further details on each of the brands are set out below.

### Dean's Diner

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

The Group has currently has six Dean's Diner restaurants the existing restaurants in Chatham, Port Solent, Braintree, Fareham and Bicester and a new restaurant at Trowbridge which opened in July 2014. An agreement for lease on a new Dean's Diner in Bromley was exchanged on 10 July 2014 and this is due to open in 2015.

### Richoux

Richoux is an all day cafe and brasserie established in London in 1909.

The Group has four Richoux restaurants in Central London.

### 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 has sold two underperforming restaurants, one in Chiswick in August 2014 and one in Berkhamsted in September 2014 and an impairment provision of £0.19 million has been made against these two sites.

### Zippers

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

The Group has two Zippers restaurants, 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 £3.13 million (December 2013: £4.01 million).

Capital expenditure of £0.69 million was incurred in the period, predominantly on the fit out of the new Dean's Diner restaurant in Trowbridge.

## Outlook

We consider that there are grounds for optimism for growth, having streamlined the Villagio portfolio and with our focus now on rolling out the Dean's Diner format and adding to the Richoux estate in a considered manner, as and when appropriate sites are found. The Group is endeavouring at the same time to work on and further improve the Dean's Diner brand as we come to understand more the market in which that format is operating and its customers' requirements and expectations.

## Philip Shotter

Chairman

26 September 2014

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# Condensed consolidated statement of comprehensive income

for the 28 week period ended 13 July 2014

		<i>28 week period ended 13 July 2014 £'000</i>	<i>28 week period ended 14 July 2013 £'000</i>	<i>52 week period ended 29 December 2013 £'000</i>
	<i>Note</i>			
<b>Revenue</b>	3	<b>6,678</b>	5,836	11,483
<b>Cost of sales:</b>				
Excluding pre-opening costs		<b>(5,975)</b>	(4,976)	(9,964)
Pre-opening costs		<b>(35)</b>	(65)	(159)
<b>Total cost of sales</b>		<b>(6,010)</b>	(5,041)	(10,123)
<b>Gross profit</b>		<b>668</b>	795	1,360
Administrative expenses		<b>(324)</b>	(368)	(617)
Other operating income		–	1	1
Operating profit before impairment		<b>344</b>	428	744
Impairment of property, plant and equipment	7	<b>(184)</b>	–	(32)
Impairment of other intangible assets	6	<b>(6)</b>	–	–
<b>Operating profit</b>		<b>154</b>	428	712
Finance income		<b>5</b>	23	30
Finance expense		–	–	(2)
<b>Profit before taxation</b>	3	<b>159</b>	451	740
Taxation		–	–	–
<b>Profit and total comprehensive profit for the period</b>		<b>159</b>	451	740
<b>Profit and total comprehensive profit attributable to equity holders of the parent</b>		<b>159</b>	451	740
<b>Profit and total comprehensive profit per share:</b>				
Profit per share	4	<b>0.2p</b>	0.5p	0.8p
Diluted profit per share	4	<b>0.2p</b>	0.5p	0.8p

# Condensed consolidated statement of changes in equity

for the 28 week period ended 13 July 2014

	<i>Share capital £'000</i>	<i>Share premium account £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
At 30 December 2012	3,681	12,242	(8,711)	7,212
Profit for the period	–	–	451	451
Total comprehensive profit	–	–	451	451
Credit to equity for equity settled share based payments	–	–	34	34
Total contributions by and distributions to owners of the Company, recognised directly in equity	–	–	34	34
At 14 July 2013	3,681	12,242	(8,226)	7,697
Profit for the period	–	–	289	289
Total comprehensive profit	–	–	289	289
Credit to equity for equity settled share based payments	–	–	7	7
Total contributions by and distributions to owners of the Company, recognised directly in equity	–	–	7	7
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
<b>At 13 July 2014</b>	<b>3,681</b>	<b>12,242</b>	<b>(7,743)</b>	<b>8,180</b>

# Condensed consolidated statement of financial position

at 13 July 2014

		13 July 2014 £'000	14 July 2013 £'000	29 December 2013 £'000
Note				
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill	6	234	234	234
Other intangible assets	6	66	73	73
Property, plant and equipment	7	6,441	4,834	6,348
Trade and other receivables		40	40	40
<b>Total non-current assets</b>	3	<b>6,781</b>	5,181	6,695
<b>Current assets</b>				
Inventories		205	168	195
Trade and other receivables		917	726	666
Cash and cash equivalents		3,133	4,072	4,009
<b>Total current assets</b>		<b>4,255</b>	4,966	4,870
<b>Total assets</b>		<b>11,036</b>	10,147	11,565
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		(2,509)	(2,258)	(3,284)
<b>Total current liabilities</b>		<b>(2,509)</b>	(2,258)	(3,284)
<b>Non-current liabilities</b>				
Trade and other payables		(347)	(192)	(288)
<b>Total non-current liabilities</b>		<b>(347)</b>	(192)	(288)
<b>Total liabilities</b>		<b>(2,856)</b>	(2,450)	(3,572)
<b>Net assets</b>		<b>8,180</b>	7,697	7,993
<b>Capital and reserves</b>				
Share capital		3,681	3,681	3,681
Share premium account		12,242	12,242	12,242
Retained earnings		(7,743)	(8,226)	(7,930)
<b>Total equity</b>		<b>8,180</b>	7,697	7,993

# Condensed consolidated statement of cash flows

for the 28 week period ended 13 July 2014

		<b>28 week period ended 13 July 2014 £'000</b>	<b>28 week period ended 14 July 2013 £'000</b>	<b>52 week period ended 29 December 2013 £'000</b>
	<i>Note</i>			
<b>Operating activities</b>				
Cash generated from/(used in) operations	8	463	846	1,944
Interest paid		–	–	(2)
<b>Net cash from/(used in) operating activities</b>		<b>463</b>	<b>846</b>	<b>1,942</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment		(1,334)	(831)	(1,987)
Purchase intangible assets		(10)	(25)	(37)
Cash held on deposit		–	2,500	2,500
Net proceeds from sale of property, plant and equipment		–	–	2
Interest received		5	23	30
<b>Net cash from/(used in) investing activities</b>		<b>(1,339)</b>	<b>1,667</b>	<b>508</b>
<b>Net increase in cash and cash equivalents</b>		<b>(876)</b>	<b>2,513</b>	<b>2,450</b>
Cash and cash equivalents at the beginning of the period		<b>4,009</b>	<b>1,559</b>	<b>1,559</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>3,133</b>	<b>4,072</b>	<b>4,009</b>

# Notes

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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 13 July 2014 and the 28 week period ended 14 July 2013 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 29 December 2013 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 29 December 2013. 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 29 December 2013. The condensed financial information for the 28 week period ended 13 July 2014 and the 28 week period ended 14 July 2013 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 29 December 2013 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 29 December 2013 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

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### 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 four reportable business segments based around its core restaurant brands, Dean's Diner, Zippers, 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 13 July 2014

	<i>Dean's Diner</i>	<i>Zippers</i>	<i>Villagio</i>	<i>Richoux</i>	<i>Unallocated</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	<u>1,756</u>	<u>523</u>	<u>2,166</u>	<u>2,233</u>	<u>-</u>	<u>6,678</u>
Segment profit/(loss)	238	(26)	145	423	(112)	668
Administrative expenses	-	-	-	-	(324)	(324)
Impairment of property, plant and equipment	-	-	(184)	-	-	(184)
Impairment of other intangible assets	-	-	(6)	-	-	(6)
Finance income	-	-	-	-	5	5
Profit before taxation	<u>238</u>	<u>(26)</u>	<u>(45)</u>	<u>423</u>	<u>(431)</u>	<u>159</u>
Non-current assets as at 29 December 2013	2,133	944	2,509	1,011	98	6,695
Additions	565	26	39	51	5	686
Transfers	-	(4)	4	-	-	-
Depreciation and amortisation	(112)	(55)	(145)	(78)	(14)	(404)
Impairment	-	-	(190)	-	-	(190)
Disposals	<u>(2)</u>	<u>(1)</u>	<u>-</u>	<u>(2)</u>	<u>(1)</u>	<u>(6)</u>
Non-current assets as at 13 July 2014	<u>2,584</u>	<u>910</u>	<u>2,217</u>	<u>982</u>	<u>88</u>	<u>6,781</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

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## 4. Profit per share

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

	<b>13 July</b>	<b>14 July</b>	<b>29 December</b>
	<b>2014</b>	<b>2013</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Profit</b>			
Profit for the purposes of basic profit per share being the net profit attributable to equity holders of the parent	<u>159</u>	<u>451</u>	<u>740</u>
<b>Number of shares</b>			
Weighted average number of ordinary shares for the purposes of the basic profit per share	<b>92,019,612</b>	92,019,612	92,019,612
Effect of dilutive potential ordinary shares:			
Share options	<u>1,010,932</u>	<u>975,993</u>	<u>1,546,101</u>
Weighted average number of ordinary shares for the purposes of the diluted profit per share	<u>93,030,544</u>	<u>92,995,605</u>	<u>93,665,713</u>
Share options not included in the diluted calculations as per the requirements of IAS 33 (as they are anti-dilutive)	<u>3,271,821</u>	<u>4,772,389</u>	<u>2,736,652</u>
<b>Basic profit per share:</b>			
From total operations	<u>0.2p</u>	<u>0.5p</u>	<u>0.8p</u>
<b>Diluted profit per share:</b>			
From total operations	<u>0.2p</u>	<u>0.5p</u>	<u>0.8p</u>

## 5. No dividend is proposed.

# Notes

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## 6. Intangible fixed assets

	<i>Goodwill</i> £000	<i>Trademarks</i> £000	<i>Software</i> £000	<i>Total</i> £000
<b>Cost</b>				
At 30 December 2012	269	18	113	400
Additions	–	–	25	25
At 14 July 2013	269	18	138	425
Additions	–	3	9	12
Disposals	–	–	(2)	(2)
At 29 December 2013	269	21	145	435
Additions	–	1	9	10
At 13 July 2014	269	22	154	445
<b>Accumulated amortisation and impairment</b>				
At 30 December 2012	35	3	67	105
Charge for period	–	–	13	13
At 14 July 2013	35	3	80	118
Charge for period	–	2	10	12
Disposals	–	–	(2)	(2)
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
<b>Carrying amount</b>				
<b>At 13 July 2014</b>	<b>234</b>	<b>16</b>	<b>50</b>	<b>300</b>
At 29 December 2013	234	16	57	307
At 14 July 2013	234	15	58	307

### Impairment testing of goodwill and intangible fixed assets

Goodwill of £269,000 (2013: £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 2019 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.

An impairment charge of £6,000 has been recognised in relation to the unrecoverable elements of the assets of two Villagio restaurants following the decision to dispose of these restaurants (December 2013: £nil).

## Notes

continued

## 7. Property, plant and equipment

	Short leasehold land and buildings £000	Fixtures, fittings, and equipment £000	Total £000
<b>Cost</b>			
At 30 December 2012	5,964	2,418	8,382
Additions	377	556	933
Disposals	–	(21)	(21)
At 14 July 2013	6,341	2,953	9,294
Additions	1,365	450	1,815
Disposals	(85)	(82)	(167)
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
<b>Accumulated depreciation and impairment</b>			
At 30 December 2012	2,777	1,401	4,178
Charge for period	132	167	299
Disposals	–	(17)	(17)
At 14 July 2013	2,909	1,551	4,460
Charge for period	110	149	259
Impairment	63	(31)	32
Disposals	(79)	(78)	(157)
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
<b>Carrying amount</b>			
<b>At 13 July 2014</b>	<b>4,754</b>	<b>1,687</b>	<b>6,441</b>
At 29 December 2013	4,618	1,730	6,348
At 14 July 2013	3,432	1,402	4,834

## 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 2019 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.

An impairment charge of £184,000 has been recognised in relation to the unrecoverable elements of the assets of two Villagio restaurants following the decision to dispose of these restaurants (*December 2013: £32,000*).

# Notes

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## 8. Reconciliation of operating profit to operating cash flows

	<b>28 week period ended 13 July 2014 £'000</b>	<b>28 week period ended 14 July 2013 £'000</b>	<b>52 week period ended 29 December 2013 £'000</b>
Operating profit	154	428	712
Loss on disposal of property, plant and equipment	6	4	12
Depreciation charge	393	299	558
Amortisation charge	11	13	25
Impairment of property, plant and equipment	184	–	32
Impairment of other intangible assets	6	–	–
(Increase)/decrease in stocks	(10)	(12)	(39)
(Increase)/decrease in debtors	(251)	(284)	(224)
Increase/(decrease) in creditors	(58)	364	827
Equity settled share based payments	28	34	41
<b>Net cash inflow from operating activities</b>	<b>463</b>	<b>846</b>	<b>1,944</b>

## 9. Post balance sheet events

On 15 August 2014 the Group disposed of its Villagio restaurant in Chiswick and on 12 September 2014 the Group disposed of its Villagio restaurant in Berkhamsted.

## 10. Related party transactions

During the period the Group paid professional fees for legal services in connection with properties of £16,000 (*July 2013: £36,000, December 2013: £62,000*) to Glovers Solicitors LLP of which Philip Shotter is a member. As at the end of the period £1,000 was outstanding (*December 2013: £7,000*). 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

	<b>28 week period ended 13 July 2014 £'000</b>	<b>28 week period ended 14 July 2013 £'000</b>	<b>52 week period ended 29 December 2013 £'000</b>
Short term employee benefits	147	147	272
Share based payments	20	25	26
	<b>167</b>	<b>172</b>	<b>298</b>

Transactions with substantial shareholders:

During the period the Group paid Enil (*December 2013: £14,000*) to Prezzo plc, a Company in which Phillip Kaye is a shareholder, for fixtures fittings and equipment.





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