



Richoux Group plc

Interim Report
for the period to
14 July 2013

www.richouxgroup.co.uk

Chairman's Review

Results

Group turnover from our continuing operations for the 28 week period ended 14 July 2013 increased to £5.84 million (*July 2012: £5.14 million*). Gross profit from continuing operations was £0.80 million (*July 2012: £0.62 million*). The total Group restaurant's gross profit before pre-opening costs percentage has increased from 12.5 per cent to 14.7 per cent (*December 2012: 15.5 per cent*). Administrative expenses for continuing operations of £0.37 million (*July 2012: £0.34 million*) were in line with expectations.

The Directors are not recommending the payment of a dividend.

Operations

The Group currently has sixteen 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 four Dean's Diner restaurants the existing restaurants in Chatham, Port Solent and Braintree, and a new restaurant at Whiteley Village in Fareham which opened in May 2013. A further restaurant is due to open in Bicester in early November 2013. The restaurants are trading in line with board expectations.

Zippers Restaurant, Bar and Grill

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, the existing one in Chatham which continues to trade in line with board expectations and a second which opened in August 2013 in Port Solent.

Villagio

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

The Group has currently has six Villagio restaurants in Andover, Basildon, Hammersmith, Berkhamsted and Chislehurst and a new restaurant in Chiswick which opened in March 2013.

Richoux

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

The Group has four Richoux restaurants which continue to trade in line with board expectations.

Capital expenditure and cash flow

As at the end of the period under review the Group held cash of £4.07 million (*December 2012: £4.06 million*).

Capital expenditure of £0.96 million was incurred in the period, predominantly on the fit out of the new Villagio restaurant in Chiswick and the new Dean's Diner restaurant in Fareham.

Outlook

The Group will continue to acquire new sites, particularly focusing on its Dean's Diner and Zippers American Restaurant, Bar and Grill 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 Richoux openings if the right sites become available. The Group has funds for this next stage of openings due to existing cash reserves and the fact that the business is cash generative.

Philip Shotter

Chairman

26 September 2013

Condensed consolidated statement of comprehensive income

for the 28 week period ended 14 July 2013

		<i>28 week period ended 14 July 2013</i>	<i>28 week period ended 8 July 2012</i>	<i>53 week period ended 30 December 2012</i>
	<i>Note</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Revenue	3	5,836	5,140	9,853
Cost of sales:				
Excluding pre-opening costs		(4,976)	(4,500)	(8,324)
Pre-opening costs		(65)	(16)	(45)
Total cost of sales		(5,041)	(4,516)	(8,369)
Gross profit		795	624	1,484
Administrative expenses		(368)	(339)	(738)
Net profit on disposal of assets held for sale		–	109	109
Other operating income		1	–	–
Operating profit		428	394	855
Finance income		23	7	24
Profit before taxation	3	451	401	879
Taxation		–	–	–
Profit and total comprehensive profit for the period		451	401	879
Profit and total comprehensive profit attributable to equity holders of the parent		451	401	879
Profit and total comprehensive profit per share:				
Profit per share	4	0.5p	0.6p	1.2p
Diluted profit per share	4	0.5p	0.6p	1.2p

Condensed consolidated statement of changes in equity

for the 28 week period ended 14 July 2013

	<i>Share capital £'000</i>	<i>Share premium account £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
At 25 December 2011	2,681	11,295	(9,662)	4,314
Profit for the period	–	–	401	401
Total comprehensive profit	–	–	401	401
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 8 July 2012	2,681	11,295	(9,254)	4,722
Profit for the period	–	–	478	478
Total comprehensive profit	–	–	478	478
Credit to equity for equity settled share based payments	–	–	65	65
New share capital subscribed	1,000	1,000	–	2,000
New share capital issue costs	–	(53)	–	(53)
Total contributions by and distributions to owners of the Company, recognised directly in equity	1,000	947	65	2,012
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

Condensed consolidated statement of financial position

at 14 July 2013

		14 July	8 July	30 December
	<i>Note</i>	2013	2012	2012
		£'000	£'000	£'000
Assets				
Non-current assets				
Goodwill	6	234	234	234
Other intangible assets	6	73	63	61
Property, plant and equipment	7	4,834	3,798	4,204
Trade and other receivables		<u>40</u>	<u>43</u>	<u>41</u>
Total non-current assets	3	<u>5,181</u>	<u>4,138</u>	<u>4,540</u>
Current assets				
Inventories		168	129	156
Trade and other receivables		726	537	441
Cash held on deposit		–	–	2,500
Cash and cash equivalents		<u>4,072</u>	<u>1,636</u>	<u>1,559</u>
Total current assets		<u>4,966</u>	<u>2,302</u>	<u>4,656</u>
Total assets		<u>10,147</u>	<u>6,440</u>	<u>9,196</u>
Liabilities				
Current liabilities				
Trade and other payables		<u>(2,258)</u>	<u>(1,594)</u>	<u>(1,845)</u>
Total current liabilities		<u>(2,258)</u>	<u>(1,594)</u>	<u>(1,845)</u>
Non-current liabilities				
Trade and other payables		<u>(192)</u>	<u>(124)</u>	<u>(139)</u>
Total non-current liabilities		<u>(192)</u>	<u>(124)</u>	<u>(139)</u>
Total liabilities		<u>(2,450)</u>	<u>(1,718)</u>	<u>(1,984)</u>
Net assets		<u>7,697</u>	<u>4,722</u>	<u>7,212</u>
Capital and reserves				
Share capital		3,681	2,681	3,681
Share premium account		12,242	11,295	12,242
Retained earnings		<u>(8,226)</u>	<u>(9,254)</u>	<u>(8,711)</u>
Total equity		<u>7,697</u>	<u>4,722</u>	<u>7,212</u>

Condensed consolidated statement of cash flows

for the 28 week period ended 14 July 2013

	<i>Note</i>	28 week period ended 14 July 2013 £'000	28 week period ended 8 July 2012 £'000	53 week period ended 30 December 2012 £'000
Operating activities				
Cash generated from/(used in) operations	8	<u>846</u>	<u>(81)</u>	<u>827</u>
Net cash from/(used in) operating activities		<u>846</u>	<u>(81)</u>	<u>827</u>
Investing activities				
Purchase of property, plant and equipment		(831)	(241)	(688)
Purchase intangible assets		(25)	(3)	(10)
Cash held on deposit		2,500	–	(2,500)
Net proceeds from sale of property, plant and equipment		–	19	24
Net proceeds from sale of assets held for sale		–	896	896
Interest received		<u>23</u>	<u>7</u>	<u>24</u>
Net cash from/(used in) investing activities		<u>1,667</u>	<u>678</u>	<u>(2,254)</u>
Financing activities				
Proceeds from issue of ordinary shares		–	–	2,000
Share issue costs		–	–	(53)
Net cash from financing activities		<u>–</u>	<u>–</u>	<u>1,947</u>
Net increase in cash and cash equivalents		2,513	597	520
Cash and cash equivalents at the beginning of the period		<u>1,559</u>	<u>1,039</u>	<u>1,039</u>
Cash and cash equivalents at the end of the period		<u>4,072</u>	<u>1,636</u>	<u>1,559</u>

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 14 July 2013 and the 28 week period ended 8 July 2012 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 30 December 2012 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 30 December 2012. 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 30 December 2012. The condensed financial information for the 28 week period ended 14 July 2013 and the 28 week period ended 8 July 2012 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 53 week period ended 30 December 2012 does not constitute the Group’s statutory accounts for that period but it is derived from those accounts. Statutory accounts for the 53 week period ended 30 December 2012 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 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 14 July 2013

	<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>1,264</u>	<u>448</u>	<u>1,710</u>	<u>2,414</u>	<u>-</u>	<u>5,836</u>
Segment profit/(loss)	246	78	36	489	(54)	795
Administrative expenses	-	-	-	-	(368)	(368)
Other operating income	-	-	-	-	1	1
Finance income	-	-	-	-	23	23
Profit before taxation	<u>246</u>	<u>78</u>	<u>36</u>	<u>489</u>	<u>(398)</u>	<u>451</u>
Non-current assets as at						
30 December 2012	1,234	375	1,768	1,085	78	4,540
Additions	448	67	412	15	16	958
Depreciation and						
amortisation	(71)	(25)	(114)	(89)	(13)	(312)
Disposals	<u>(3)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>(5)</u>
Non-current assets as at						
14 July 2013	<u>1,608</u>	<u>417</u>	<u>2,065</u>	<u>1,011</u>	<u>80</u>	<u>5,181</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:

	14 July	8 July	30 December
	2013	2012	2012
	£'000	£'000	£'000
Profit			
Profit for the purposes of basic profit per share being the net profit attributable to equity holders of the parent	<u>451</u>	<u>401</u>	<u>879</u>
Number of shares			
Weighted average number of ordinary shares for the purposes of the basic profit per share	92,019,612	67,019,612	72,545,218
Effect of dilutive potential ordinary shares:			
Share options	<u>975,993</u>	<u>–</u>	<u>–</u>
Weighted average number of ordinary shares for the purposes of the diluted profit per share	<u>92,995,605</u>	<u>67,019,612</u>	<u>72,545,218</u>
Share options not included in the diluted calculations as per the requirements of IAS 33 (as they are anti-dilutive)	<u>4,772,389</u>	<u>2,533,215</u>	<u>4,259,465</u>
Basic profit per share:			
From total operations	<u>0.5p</u>	<u>0.6p</u>	<u>1.2p</u>
Diluted profit per share:			
From total operations	<u>0.5p</u>	<u>0.6p</u>	<u>1.2p</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 25 December 2011	269	16	120	405
Additions	–	2	1	3
Disposals	–	–	(15)	(15)
At 8 July 2012	269	18	106	393
Additions	–	–	7	7
At 30 December 2012	269	18	113	400
Additions	–	–	25	25
At 14 July 2013	269	18	138	425
Accumulated amortisation and impairment				
At 25 December 2011	35	2	63	100
Charge for period	–	1	10	11
Disposals	–	–	(15)	(15)
At 8 July 2012	35	3	58	96
Charge for period	–	–	9	9
At 30 December 2012	35	3	67	105
Charge for period	–	–	13	13
At 14 July 2013	35	3	80	118
Carrying amount				
At 14 July 2013	<u>234</u>	<u>15</u>	<u>58</u>	<u>307</u>
At 30 December 2012	<u>234</u>	<u>15</u>	<u>46</u>	<u>295</u>
At 8 July 2012	<u>234</u>	<u>15</u>	<u>48</u>	<u>297</u>

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 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 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).

Notes

continued

7. Property, plant and equipment

	Short leasehold land and buildings £000	Leasehold improvements £000	Fixtures, fittings, and equipment £000	Total £000
Cost				
At 25 December 2011	6,529	17	2,897	9,443
Additions	159	-	82	241
Disposals	(1,172)	-	(707)	(1,879)
At 8 July 2012	5,516	17	2,272	7,805
Additions	447	-	185	632
Disposals	1	(17)	(39)	(55)
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
Accumulated depreciation and impairment				
At 25 December 2011	3,734	17	1,877	5,628
Charge for period	114	-	144	258
Disposals	(1,172)	-	(707)	(1,879)
At 8 July 2012	2,676	17	1,314	4,007
Charge for period	100	-	124	224
Disposals	1	(17)	(37)	(53)
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
Carrying amount				
At 14 July 2013	3,432	-	1,402	4,834
At 30 December 2012	3,187	-	1,017	4,204
At 8 July 2012	2,840	-	958	3,798

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 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.

There is no impairment provision required (*December 2012: £nil*).

Notes

continued

8. Reconciliation of operating profit to operating cash flows

	28 week period ended 14 July 2013 £'000	28 week period ended 8 July 2012 £'000	53 week period ended 30 December 2012 £'000
Operating profit	428	394	855
Profit on disposal of assets held for sale	–	(109)	(109)
Loss/(profit) on disposal of property, plant and equipment	4	(19)	(22)
Depreciation charge	299	258	482
Amortisation charge	13	11	20
(Increase)/decrease in stocks	(12)	49	22
(Increase)/decrease in debtors	(284)	3	101
Increase/(decrease) in creditors	364	(675)	(594)
Equity settled share based payments	34	7	72
Net cash inflow from operating activities	846	(81)	827

9. Post balance sheet events

On 2 September 2013 the Group took occupation of a new restaurant in Bicester pursuant to the terms of an agreement for lease dated 8 August 2013 pursuant to which the Group entered into a new 25 year lease on 25 September 2013 at a rent of £50,000 per annum.

10. Related party transactions

During the period the Group paid professional fees for legal services in connection with properties of £36,000 (*July 2012: £48,000, December 2012: £67,000*) to Glovers Solicitors LLP of which Philip Shotter is a member. As at the end of the period £nil was outstanding (*December 2012: £6,000*). 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

	28 week period ended 14 July 2013 £'000	28 week period ended 8 July 2012 £'000	53 week period ended 30 December 2012 £'000
Short term employee benefits	147	78	274
Share based payments	25	3	66
	<u>172</u>	<u>81</u>	<u>340</u>

During the previous period Salvatore Diliberto subscribed for 5,781,250 ordinary shares, The Hon. Robert Rayne subscribed for 5,781,250 ordinary shares, and Edward Standing subscribed for 1,875,000 ordinary shares as part of the placing that occurred during the previous period. The price paid per share was 8p.

Notes

continued

Transactions with substantial shareholders:

During the previous period the Phillip Kaye subscribed for 5,781,250 ordinary shares and Michinoko Limited subscribed for 5,781,250 ordinary shares as part of the placing that occurred during the previous period. The price paid per share was 8p.

During the period the Group paid £8,000 (*December 2012: £25,000*) to Prezzo plc, a Company in which Phillip Kaye is a shareholder, for fixtures fittings and equipment.



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