

# Richoux Group plc

Interim Report  
for the period to  
13 July 2008



## Chairman's Review

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### **Introduction**

In line with the sector generally, trading conditions are tougher than in recent years. I am however pleased to report another satisfactory period for the Group with continued growth and development.

### **Results**

Group turnover from our continuing operations for the 28 week period ended 13 July 2008 increased to £2.93 million (*June 2007: £2.04 million*). Gross profit from continuing operations was £0.14 million (*June 2007: £0.23 million*). Administrative expenses for continuing operations (before impairment and reorganisation costs) of £0.37 million (*June 2007: £0.34 million*) were in line with expectations.

The impairment provision of £0.20 million is in respect of property, plant and equipment of the Amato Piccolo café, which has underperformed.

The Directors are not recommending the payment of a dividend.

### **Operations**

#### **Richoux**

Three of the four Richoux branded restaurants have now been refurbished and the property in Piccadilly as a result is benefiting from significantly increased trade. The Group is in the advanced stages of acquiring two additional sites this year, which will open in early 2009, and are actively seeking to acquire further sites for Richoux in 2009.

#### **Amato**

Following the Group's acquisition of Amato in 2007, two Amato units have opened in 2008, one under the Amato Piccolo concept, the other as an Amato café/restaurant. One further acquisition is anticipated for Amato in 2008 trading as a café/restaurant and this is expected to open in 2009. We continue to seek opportunities to extend the Amato concept, although we are currently considering options in respect of the Amato Piccolo café with a view potentially of concentrating on the Richoux and Amato café/restaurant formats.

#### **Head Office**

The Group's head office has now relocated to St John's Wood, London.

#### **Capital expenditure and cash flow**

The board continued to tightly manage the cash resources of the Group. As at the end of the period under review the Group held cash of £4.20 million (*December 2007: £5.54 million*), and generated cash from operating activities during the period.

Capital expenditure of £1.54 million (*December 2007: £0.73 million*) was incurred in the period, of which £0.85 million was for the acquisition of a freehold property in Park Royal, London that will be developed as a Central Kitchen to deliver high quality consistent products to our growing number of restaurants.

#### **People**

The Company was saddened to have to announce in April 2008 the sudden death of its Chairman, Neil Blows. I was appointed as Chairman of the Company in May 2008.

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## Chairman's Review

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### **Outlook**

In view of the challenging outlook for the UK consumer and the wider UK economy, the Group has in general made a satisfactory start to the year. The Group hopes to acquire three further sites this year, all of which should open in early 2009. The Group continues to seek other suitable sites for both Amato and Richoux as the Group develops both concepts for larger scale roll out in the years ahead.

**Philip Shotter**  
*Chairman*

29 September 2008

## Consolidated Income Statement

for the 28 week period ended 13 July 2008

	<b>28 week period ended 13 July 2008</b>	<b>24 week period ended 24 June 2007</b>	<b>27 week period ended 30 December 2007</b>
<i>Note</i>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Revenue</b>	<b>2,928</b>	2,036	2,701
<b>Cost of sales:</b>			
Excluding pre-opening costs	<b>(2,747)</b>	(1,780)	(2,373)
Pre-opening costs	<b>(40)</b>	(28)	-
<b>Total cost of sales</b>	<b>(2,787)</b>	(1,808)	(2,373)
<b>Gross profit</b>	<b>141</b>	228	328
Administrative expenses	<b>(369)</b>	(344)	(334)
Other operating income	<b>(1)</b>	63	2
Operating loss before impairment and reorganisation costs	<b>(229)</b>	(53)	(4)
Impairment of property, plant and equipment	<b>(200)</b>	-	(325)
Reorganisation costs	<b>-</b>	(17)	(288)
<b>Operating loss</b>	<b>(429)</b>	(70)	(617)
Finance income	<b>152</b>	58	145
Finance expense	<b>(1)</b>	(182)	(2)
<b>Loss before taxation</b>	<b>(278)</b>	(194)	(474)
Taxation	<b>-</b>	-	-
<b>Loss for the period from continuing operations</b>	<b>(278)</b>	(194)	(474)
(Loss)profit for the period from discontinued operations	<b>-</b>	(1,985)	5
<b>Loss for the period</b>	<b>(278)</b>	(2,179)	(469)
<b>Loss attributable to equity holders of the parent</b>	<b>(278)</b>	(2,179)	(469)
<b>Loss per share:</b>			
<b>From continuing operations:</b>			
Loss per share	<b>3 (0.7)p</b>	(0.6)p	(1.3)p
Diluted loss per share	<b>3 (0.7)p</b>	(0.6)p	(1.3)p
<b>From continuing and discontinued operations:</b>			
Loss per share	<b>3 (0.7)p</b>	(6.4)p	(1.3)p
Diluted loss per share	<b>3 (0.7)p</b>	(6.4)p	(1.3)p

## Consolidated Statement of Recognised Income and Expense

for the 28 week period ended 13 July 2008

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	<b>28 week period ended 13 July 2008 £'000</b>	<b>24 week period ended 24 June 2007 £'000</b>	<b>27 week period ended 30 December 2007 £'000</b>
Loss for the financial period	<u>(278)</u>	<u>(2,179)</u>	<u>(469)</u>
<b>Total recognised income and expense for the period</b>	<b><u>(278)</u></b>	<b><u>(2,179)</u></b>	<b><u>(469)</u></b>
<b>Attributable to:</b>			
Equity holders of the parent Company	<u>(278)</u>	<u>(2,179)</u>	<u>(469)</u>

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## Consolidated Balance Sheet

at 13 July 2008

	<b>13 July</b>	<b>24 June</b>	<b>30 December</b>
	<b>2008</b>	<b>2007</b>	<b>2007</b>
Note	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
	325	269	325
Goodwill			
Other intangible assets	74	1	79
Property, plant and equipment	5 3,345	1,991	2,221
Lease premiums	5 44	–	–
<b>Total non-current assets</b>	<b>3,788</b>	<b>2,261</b>	<b>2,625</b>
<b>Current assets</b>			
	85	69	88
Inventories			
Lease premiums	5 5	–	–
Trade and other receivables	471	458	427
Disposal group assets	–	24	–
Cash and cash equivalents	4,198	5,534	5,535
<b>Total current assets</b>	<b>4,759</b>	<b>6,085</b>	<b>6,050</b>
<b>Total assets</b>	<b>8,547</b>	<b>8,346</b>	<b>8,675</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
	(1,026)	(1,145)	(959)
Trade and other payables			
Disposal group liabilities	–	(923)	–
<b>Total current liabilities</b>	<b>(1,026)</b>	<b>(2,068)</b>	<b>(959)</b>
<b>Non-current liabilities</b>			
	(8)	–	–
Trade and other payables			
<b>Total liabilities</b>	<b>(1,034)</b>	<b>(2,068)</b>	<b>(959)</b>
<b>Net assets</b>	<b>7,513</b>	<b>6,278</b>	<b>7,716</b>
<b>Capital and reserves</b>			
	1,681	1,370	1,681
Share capital			
Share premium account	10,335	8,769	10,335
Warrants reserve	–	50	50
Retained earnings	(4,503)	(3,911)	(4,350)
<b>Total equity</b>	<b>7,513</b>	<b>6,278</b>	<b>7,716</b>

## Consolidated Cash Flow Statement

for the 28 week period ended 13 July 2008

		<b>28 week period ended 13 July 2008 £'000</b>	<b>24 week period ended 24 June 2007 £'000</b>	<b>27 week period ended 30 December 2007 £'000</b>
	<b>Note</b>			
<b>Operating activities</b>				
Cash generated from/(used in) operations	6	53	1,030	(1,274)
Taxation paid		-	(11)	-
Interest paid		(1)	(239)	(2)
<b>Net cash from/(used in) operating activities</b>		<b>52</b>	<b>780</b>	<b>(1,276)</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment		(1,537)	(310)	(41)
Acquisition of trade and assets		-	-	(686)
Purchase intangible assets		(4)	(1)	(1)
Proceeds from sale of property, plant and equipment		-	158	8
Interest received		152	59	145
Disposal of subsidiary undertakings		-	8,186	-
Net cash sold with subsidiary		-	(3)	-
<b>Net cash (used in)/from investing activities</b>		<b>(1,389)</b>	<b>8,089</b>	<b>(575)</b>
<b>Financing activities</b>				
Proceeds from issue of ordinary shares		-	8	2,000
Transaction costs		-	-	(148)
Repayment of borrowings		-	(5,932)	-
Interest element of finance lease rentals		-	(1)	-
<b>Net cash (used in)/from financing activities</b>		<b>-</b>	<b>(5,925)</b>	<b>1,852</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,337)</b>	<b>2,944</b>	<b>1</b>
Cash and cash equivalents at the beginning of the period		5,535	2,590	5,534
<b>Cash and cash equivalents at the end of the period</b>		<b>4,198</b>	<b>5,534</b>	<b>5,535</b>

## 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 financial information for the 28 week period ended 13 July 2008 and the 24 week period ended 24 June 2007 has been prepared in accordance with the Company's accounting policies as disclosed in the financial statements for the period ended 30 December 2007. The financial information for the 28 week period ended 13 July 2008 and the 24 week period ended 24 June 2007 has not been audited and does not constitute full financial statements within the meaning of s240 of the Companies Act 1985.

The financial information for the 27 week period ended 30 December 2007 does not constitute the Company's statutory accounts for that period but it is derived from those accounts. Statutory accounts for the 27 week period ended 30 December 2007 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 237(2) or (3) of the Companies Act 1985.

Premiums payable to acquire leasehold interests in property are capitalised on the balance sheet separately from property, plant and equipment and amortised over the course of the lease on the property. The board considers these payments to be part of the total payment in respect of property, plant and equipment and cash flows relating to these payments are part of the total payment in respect of property, plant and equipment and cash flows relating to these payments are analysed in the cash flow statement as part of cash flows associated with investing activities.

### 3. Loss per share

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

	<b>13 July 2008 £'000</b>	<b>24 June 2007 £'000</b>	<b>30 December 2007 £'000</b>
<b>Loss</b>			
Loss from continuing operations for the purpose of basic loss per share excluding discontinued operations	(278)	(194)	(474)
(Loss)/profit from discontinued operations	–	(1,985)	5
Loss for the purposes of basic loss per share being the net profit attributable to equity holders of the parent	<u>(278)</u>	<u>(2,179)</u>	<u>(469)</u>
<b>Number of shares</b>			
Weighted average number of ordinary shares for the purposes of the basic loss per share	42,019,612	34,220,384	37,323,118
Effect of dilutive potential ordinary shares:			
Share options and warrants	–	24,676	9,171
Weighted average number of ordinary shares for the purposes of diluted loss per share	<u>42,019,612</u>	<u>34,245,060</u>	<u>37,332,289</u>
Share options and warrants not included in the diluted calculations as per the requirements of IAS 33 (as they are anti-dilutive)	<u>2,112,840</u>	<u>491,449</u>	<u>2,532,669</u>

## Notes

continued

4. No dividend is proposed.
5. Property, plant and equipment

	Freehold land and buildings	Short leasehold land and buildings	Lease premiums	Leasehold improve- ments	Fixtures, fittings, and equip- ment	Motor vehicles	Total
<b>Cost</b>							
At 30 December 2007	–	2,903	–	17	977	4	3,901
Additions	850	290	50	–	347	–	1,537
At 13 July 2008	850	3,193	50	17	1,324	4	5,438
<b>Accumulated depreciation and impairment</b>							
At 30 December 2007	–	1,178	–	16	486	–	1,680
Charge for period	–	85	1	–	78	–	164
Impairment	–	135	–	–	65	–	200
At 13 July 2008	–	1,398	1	16	629	–	2,044
<b>Carrying amount</b>							
At 13 July 2008	850	1,795	49	1	695	4	3,394
At 30 December 2007	–	1,725	–	1	491	4	2,221

In the period an impairment charge of £200,000 has been recognised relating to the unrecoverable elements of the assets of one cash generating unit based on the forecast recoverable amount should the decision be taken to dispose of this unit.

6. Reconciliation of operating loss to operating cash flows

	<b>28 week period ended 13 July 2008 £'000</b>	<b>24 week period ended 24 June 2007 £'000</b>	<b>27 week period ended 30 December 2007 £'000</b>
Operating (loss)/profit	(429)	148	(620)
(Profit)/loss on disposal of property, plant and equipment	–	(112)	3
Depreciation charge	164	180	120
Amortisation charge	9	–	2
Impairment of property, plant and equipment	200	–	325
Decrease/(increase) in stocks	3	34	(19)
(Increase)/decrease in debtors	(44)	(195)	65
Increase/(decrease) in creditors	75	967	(1,119)
Equity settled share based payments	75	8	(31)
Net cash inflow/(outflow) from operating activities	53	1,030	(1,274)

## Notes

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7. Related party transactions

During the year the Group companies entered into transactions in the ordinary course of business. These transactions have been eliminated on consolidation.

Transactions with directors:

Directors emoluments

	<b>28 week period ended 13 July 2008 £'000</b>	<b>24 week period ended 24 June 2007 £'000</b>	<b>27 week period ended 30 December 2007 £'000</b>
Short term employee benefits	107	131	218
Share based payments	58	5	(20)
	<u>165</u>	<u>136</u>	<u>198</u>

