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Go to market news section



**Company** Richoux Group PLC  
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**Richoux Group plc****Preliminary results for the 52 weeks ended 28 December 2008**

Richoux Group plc, the owner and operator of Richoux restaurants today announces its December 2008 preliminary results.

	52 weeks ended 28 December 2008	27 weeks ended 30 December 2007
	£m	£m
Turnover from continuing operations	5.56	2.70
Gross profit from continuing operations	0.38	0.33
Operating loss on continuing operations before impairment and reorganisation costs	(0.31)	(0.00)
Loss attributable to shareholders from continuing and discontinued operations	(1.87)	(0.47)

**Key points:**

- Core Richoux brand is trading well and remains cash generative and profitable at restaurant level.
- Cash of £4.38 million held at year end.
- Decision taken to discontinue Amato brand.
- Impairment provision of £1.83 million.

**Philip Shotter**, Chairman of Richoux Group plc said:

*"The expectation is that trading conditions will remain difficult for the remainder of the year. As a result we remain cautious about further acquisitions but will continue to review attractive opportunities as they arise. Richoux continues to trade satisfactorily and this together with the Board's decision to discontinue the Amato brand and our robust cash position will leave the Company in a stronger position for when market conditions improve."*

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### **Introduction**

Following the change of the Group's accounting reference date in November 2007 from the last Sunday in June to the last Sunday in December the results now presented are for the 52 week period ended on 28 December 2008, and the comparative figures are for the 27 week period ended on the 30 December 2007

### **Results**

Group turnover from our continuing operations for the 52 week period ended 28 December 2008 increased to £5.56 million (2007: £2.70 million) reflecting the longer accounting period. Gross profit from continuing operations was £0.38 million (2007: £0.33 million). There was a decrease in the Group restaurants' gross profit before pre-opening costs percentage from 12% to 8% during the year. This was due largely to the performance of Amato as the Richoux restaurants benefitted from marginally increased profitability during the same period. Administrative expenses for continuing operations (before impairment and reorganisation costs) of £0.69 million (2007: £0.33 million) were in line with expectations.

The impairment provisions of £1.83 million (2007 £0.33 million) relate to improvements and equipment costs at the Central Kitchen; goodwill, other intangibles and property write-downs for Old Compton Street, Charlotte Street and Muswell Hill (resulting from the decision to discontinue the Amato brand) and write downs for goodwill and property for the Richoux in Knightsbridge.

The Directors are not recommending the payment of a dividend.

### **Operations**

#### ***Richoux***

The recently refurbished Richoux restaurants continue to trade well, notwithstanding the tough trading conditions that are being experienced within the sector generally. The new unit in High Wycombe is now being fitted out and is due to open late Spring/early Summer 2009. The former Amato unit in Old Compton Street is currently being rebranded as a Richoux and will reopen at the same time. The Richoux restaurant in Knightsbridge is due to be refurbished later on this year.

#### ***Amato***

Following the Group's acquisition of Amato in 2007, two further units were acquired and subsequently traded as Amato. Amato has not been able to generate the desired returns and the Board has, therefore, taken the decision to discontinue the Amato brand. The Old Compton Street restaurant is being rebranded as a Richoux restaurant. Buyers are being sought for the Muswell Hill and Charlotte Street units. The discontinuation of the Amato brand, together with the more cautious approach that the Board are taking to new openings in light of current market conditions, has led to a decision not to utilise the Central Kitchen, at this stage of the Group's development at least. The Central Kitchen will now instead be let to provide an income stream.

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

The Board has sought to preserve the cash resources of the Group where possible by scaling back plans for new openings in the second half of the year. As at the end of the period under review the Group held cash of £4.38 million (2007: £5.54 million).

Capital expenditure of £2.15 million (2007: £0.73 million) was incurred in the period of which £1.31 million was for the acquisition and fitting out of the freehold Central Kitchen premises in Park Royal.

### **People**

Daniel Rapacioli resigned as a director in September 2008.

### **Outlook**

The expectation is that trading conditions will remain difficult for the remainder of the year. However, the Board are satisfied with the performance of the core Richoux brand which remains cash generative and profitable at restaurant level. We are cautious about further acquisitions in 2009 but will continue to consider attractive opportunities as they arise and explore the development of an additional

concept with wider roll out potential. The Board's actions together with our robust cash position will leave the Company in a stronger position for when market conditions improve.

Philip Shotter  
Chairman

**Richoux Group plc**  
**Consolidated income statement**

for the 52 week period ended 28 December 2008

<i>Notes</i>	<b>52 week period ended 28 December 2008 £'000</b>	<b>27 week period ended 30 December 2007 £'000</b>
<b>Revenue</b>	<b>5,557</b>	2,701
<b>Cost of sales:</b>		
Excluding pre-opening costs	<b>(5,132)</b>	(2,373)
Pre-opening costs	<b>(42)</b>	-
<b>Total cost of sales</b>	<b>(5,174)</b>	(2,373)
<b>Gross profit</b>	<b>383</b>	328
Administrative expenses	<b>(688)</b>	(334)
Other operating income	<b>(1)</b>	2
Operating loss before impairment and reorganisation costs	<b>(306)</b>	(4)
Impairment of property, plant and equipment	<b>(1,672)</b>	(325)
Impairment of goodwill	<b>(91)</b>	-
Impairment of other intangible assets	<b>(62)</b>	-
Reorganisation costs	<b>-</b>	(288)
<b>Operating loss</b>	<b>(2,131)</b>	(617)
Finance income	<b>255</b>	145
Finance expense	<b>(2)</b>	(2)
<b>Loss before taxation</b>	<b>(1,878)</b>	(474)
Taxation	<b>-</b>	-
<b>Loss for the period from continuing operations</b>	<b>(1,878)</b>	(474)
Profit for the period from discontinued operations	<b>10</b>	5
<b>Loss for the period</b>	<b>(1,868)</b>	(469)
<b>Loss attributable to equity holders of the parent</b>	<b>(1,868)</b>	(469)
<b>Loss per share:</b>		
<b>From continuing operations:</b>		
Loss per share	<i>3</i> (4.5)p	(1.3)p
Diluted loss per share	<i>3</i> (4.5)p	(1.3)p
<b>From continuing and discontinued operations:</b>		
Loss per share	<i>3</i> (4.5)p	(1.3)p
Diluted loss per share	<i>3</i> (4.5)p	(1.3)p

**Richoux Group plc**  
**Consolidated balance sheet**

at 28 December 2008

	<i>Notes</i>	<b>28 December 2008</b>	30 December 2007
		<b>£'000</b>	£'000
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	5	234	325
Other intangible assets	5	44	79
Property, plant and equipment	6	2,325	2,221
<b>Total non-current assets</b>		<b>2,603</b>	2,625
<b>Current assets</b>			
Inventories		80	88
Trade and other receivables		463	427
Cash and cash equivalents		4,375	5,535
<b>Total current assets</b>		<b>4,918</b>	6,050
<b>Total assets</b>		<b>7,521</b>	8,675
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		(1,545)	(959)
<b>Non-current liabilities</b>			
Trade and other payables		(7)	-
<b>Total liabilities</b>		<b>(1,552)</b>	(959)
<b>Net assets</b>		<b>5,969</b>	7,716
<b>Capital and reserves</b>			
Share capital	7	1,681	1,681
Share premium account	7	10,335	10,335
Warrants reserve	7	-	50
Retained earnings	7	(6,047)	(4,350)
<b>Total equity</b>	7	<b>5,969</b>	7,716

**Richoux Group plc**  
**Consolidated cash flow statement**

for the 52 week period ended 28 December 2008

	<i>Notes</i>	<b>52 week period ended 28 December 2008</b>	27 week period ended 30 December 2007
		<b>£'000</b>	£'000
<b>Operating activities</b>			
Cash generated from/(used in) operations	8	722	(1,274)
Interest paid		(2)	(2)
<b>Net cash from/(used in) operating activities</b>		<b>720</b>	(1,276)
<b>Investing activities</b>			
Purchase of property, plant and equipment		(2,100)	(41)
Acquisition of trade and assets		-	(686)

Purchase of intangible fixed assets	(45)	(1)
Proceeds from sale of property, plant and equipment	10	8
Interest received	255	145
<b>Net cash used in investing activities</b>	<b>(1,880)</b>	<b>(575)</b>
<b>Financing activities</b>		
Proceeds from issue of ordinary shares	-	2,000
Transaction costs	-	(148)
<b>Net cash from financing activities</b>	<b>-</b>	<b>1,852</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(1,160)</b>	<b>1</b>
Cash and cash equivalents at the beginning of the period	5,535	5,534
<b>Cash and cash equivalents at the end of the period</b>	<b>4,375</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 set out above does not constitute the Company's statutory accounts for the periods ended 30 December 2007 or 28 December 2008 but it is derived from those accounts. Statutory accounts for 30 December 2007 have been delivered to the Registrar of Companies and those for 28 December 2008 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

3. Loss per share

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

	<b>28 December 2008 £000</b>	30 December 2007 £000
<b>Loss</b>		
Loss from continuing operations for the purpose of basic loss per share excluding discontinued operations	(1,878)	(474)
Profit from discontinued operations	10	5
Loss for the purposes of basic loss per share being the net profit attributable to equity holders of the parent	(1,868)	(469)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of the basic loss per share	42,019,612	37,323,118
Effect of dilutive potential ordinary shares:		
Share options and warrants	-	9,171
Weighted average number of ordinary shares for the purposes of diluted loss per share	42,019,612	37,332,289
Share options and warrants not included in the diluted calculations as per the requirements of IAS 33 (as they are anti-dilutive)	2,082,840	2,532,669

4. No dividend is proposed.

## 5. Intangible fixed assets

	<b>Goodwill</b>	<b>Trademarks</b>	<b>Software</b>	<b>Total</b>
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 30 December 2007	325	1	80	406
Additions	-	2	43	45
At 28 December 2008	325	3	123	451
<b>Accumulated amortisation and impairment</b>				
At 30 December 2007	-	-	2	2
Charge for the period	-	-	18	18
Impairment	91	-	62	153
At 28 December 2008	91	-	82	173
<b>Carrying amount</b>				
<b>At 28 December 2008</b>	<b>234</b>	<b>3</b>	<b>41</b>	<b>278</b>
At 30 December 2007	325	1	78	404

**Impairment testing of goodwill and intangible fixed assets**

Goodwill of £269,000 (2007: £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 (as described in note 3) with each restaurant site being treated as a single CGU.

Goodwill of £56,000 (2007: £56,000) relates to the acquisition of the Amato business in October 2007 and is allocated to the single restaurant acquired at that time operating under the Amato brand.

The Group tests annually for impairment or more frequently if there are indications that the goodwill may be impaired. The recoverable amounts of the restaurants are calculated from value in use calculations based on cash flow projections from formally approved budgets to December 2009, and thereafter an EBITDA growth rate of 2%. The discount rate applied to cash flow projections is 12%.

In the period an impairment charge of £35,000 has been recognised in relation to the goodwill of one of the CGUs that comprise the Richoux business. No impairment was necessary in respect of any of the other Richoux CGUs.

In the period impairment charges of £56,000 and £62,000 has been recognised in relation to the goodwill and software respectively of the Amato business following the decision to discontinue this brand.

## 6. Property, plant and equipment

	<b>Freehold land and buildings</b>	<b>Short leasehold land and buildings</b>	<b>Leasehold improvements</b>	<b>Fixtures, fittings and equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 30 December 2007	-	2,903	17	977	4	3,901
Additions	1,156	413	-	531	-	2,100
At 28 December 2008	1,156	3,316	17	1,508	4	6,001
<b>Accumulated depreciation and impairment</b>						
At 30 December 2007	-	1,178	16	486	-	1,680
Charge for period	-	162	1	160	1	324

Impairment	369	788	-	512	3	1,672
At 28 December 2008	369	2,128	17	1,158	4	3,676
<b>Carrying amount</b>						
<b>At 28 December 2008</b>	<b>787</b>	<b>1,188</b>	<b>-</b>	<b>350</b>	<b>-</b>	<b>2,325</b>
At 30 December 2007	-	1,725	1	491	4	2,221

**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 formally approved budgets to December 2009, and thereafter an EBITDA growth rate of 2%. The discount rate applied to cash flow projections is 12%.

In the period an impairment charge of £944,000 has been recognised relating to the unrecoverable elements of assets relating to the three Amato CGUs following the decision to discontinue this brand. The Group plans to rebrand one of these units as a Richoux Restaurant and buyers are being sought for the other two units.

In the period an impairment charge of £518,000 has been recognised relating to the unrecoverable elements of the refurbishment and fixtures and fittings of the freehold property following the decision not to proceed with the Central Kitchen at this stage. The Company plans to let this unit to provide an income stream.

In the period an impairment charge of £210,000 has been recognised relating to the unrecoverable elements of assets relating to one Richoux CGU based on the forecast value in use. The Group plans to refurbish and continue to operate this unit and to improve the performance. No impairment was required in respect of the other Richoux sites based on testing performed in respect of goodwill associated with those sites.

7. Reserves and reconciliation of movement in equity

	Share capital	Share premium account	Warrants reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000
At 30 December 2007	1,681	10,335	50	(4,350)	7,716
Loss for the period	-	-	-	(1,868)	(1,868)
Credit to equity for equity settled share based payments	-	-	-	121	121
Warrants lapsed	-	-	(50)	50	-
<b>At 28 December 2008</b>	<b>1,681</b>	<b>10,335</b>	<b>-</b>	<b>(6,047)</b>	<b>5,969</b>

The warrants reserve represents the original fair value of the unexpired warrants at the date on which they were issued. The warrants lapsed during the period.

8. Reconciliation of operating loss to operating cash flows

	52 week period ended 28 December 2008	27 week period ended 30 December 2007
	£'000	£'000
Operating loss - continuing	(2,131)	(617)
Operating loss - discontinued	-	(3)
Loss on disposal of property, plant and equipment	-	3

Depreciation charge	<b>324</b>	120
Amortisation charge	<b>18</b>	2
Impairment of intangible fixed assets	<b>153</b>	-
Impairment of tangible fixed assets	<b>1,672</b>	325
Decrease/(increase) in stocks	<b>8</b>	(19)
(Increase)/decrease in debtors	<b>(36)</b>	65
Increase/(decrease) in creditors	<b>593</b>	(1,119)
Equity settled share based payments	<b>121</b>	(31)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	<b>722</b>	(1,274)
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#### 9. Report and accounts

Copies of the annual report and accounts will be posted to the shareholders shortly and will be available at [www.richouxgroup.co.uk](http://www.richouxgroup.co.uk).

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