

Richoux Group plc
(formerly Gourmet Holdings plc)
Annual Report December 2008

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Advisors and Officers

Registered Office	5-8 Cochrane Mews St John's Wood London NW8 6NY
Directors	Philip Shotter (Chairman) Salvatore Diliberto (Chief Executive) James Rhodes
Company Secretary	Susan Ludley FCCA
Nominated Adviser and Nominated Broker	Evolution Securities Limited 100 Wood Street London EC2V 7AN
Auditors	Rees Pollock 35 New Bridge Street London EC4V 6BW
Solicitors	Dechert LLP 160 Queen Victoria Street London EC4V 4QQ
Registrars	Capita Registrars Limited Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0GA
Bankers	National Westminster Bank Plc 2nd Floor 180 Brompton Road London SW3 1HL

Chairman's Review

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 per cent to 8 per cent 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.

Chairman's Review

continued

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

23 April 2009

Board of Directors

Philip Shotter, (38) Chairman, Chairman of the audit and remuneration committees

Philip was previously a solicitor at Coudert Brothers. He joined West End solicitors Glovers in 2000 and was made a partner in 2005. He has substantial experience of advising clients in the leisure sector and in particular restaurant chains.

Salvatore Diliberto, (68) Chief Executive

Salvatore has a lifetime of experience in the catering industry. He was operations manager for City Hotels from 1972 to 1984 with responsibility for thirty restaurants. Salvatore joined City Centre Restaurants in 1984 as a Director of The Black Angus Steak Houses Limited. He ran an independent restaurant from 1988 to 1993 as well as various franchises for the City Centre Group. He was Managing Director of ASK Restaurants Limited from 1994 to 2004.

James Rhodes, (39) Non-executive Director, member of the audit and remuneration committees

James has worked at LMS Capital plc, the AIM listed independent investment Company, since 2004, and is involved in the UK direct investment portfolio. He is also responsible for UK fund investments and quoted stocks. He is a member of the boards of PrimeStar Restaurant Group and Emerging Markets Advisory Corporation Limited. James has extensive operational and entrepreneurial experience, having seed funded, run and sold three successive consumer ventures.

Directors' Report

The Directors present their Annual Report and the audited financial statements for the 52 week period ended 28 December 2008.

On 17 July 2008, the company changed its name from Gourmet Holdings plc to Richoux Group plc.

Principal activities

The principal activity of Richoux Group plc and its subsidiary undertakings (the Group) throughout the period was operating restaurants.

Business review and future developments

A review of the business and future developments is contained in the Chairman's review on pages 2 to 3.

Proposed dividend

The Directors do not recommend the payment of a dividend (2007: *£nil*).

Directors and Directors' interests

The Directors who held office during the period were as follows:

Philip Shotter (*appointed 21 May 2008*)

James Rhodes

Salvatore Diliberto

Neil Blows (*died 18 April 2008*)

Daniel Rapacioli (*resigned 26 September 2008*)

The Directors who held office at the end of the financial period had the following interests in the ordinary shares of Richoux Group plc according to the register of Directors' interests:

	<i>Interest in 4p ordinary shares at end of the period</i>	<i>Interest in 4p ordinary shares at beginning of period</i>
Philip Shotter	–	–
James Rhodes	57,664	57,664
Salvatore Diliberto	4,512,820	4,123,932

Directors' holdings of options over ordinary shares during the financial period are indicated below:

	<i>At start of period</i>	<i>Granted</i>	<i>Exercised</i>	<i>Lapsed</i>	<i>At end of period</i>	<i>Exercise Price</i>	<i>Date from which exercisable</i>	<i>Expiry date</i>
Salvatore Diliberto	750,000	–	–	–	750,000	27.5p	17-09-2010	17-09-2017

No Director exercised any share options during the period (*June 2007: 37,500*).

The middle market price of the Company's ordinary shares on the London Stock Exchange was 9.5p on 24 December 2008. During the period ended 28 December 2008, the middle market prices of such shares on the Alternative Investment Market of the London Stock Exchange ranged between a low of 9.5p and a high of 23.5p.

Authority to allot shares and share issues

The Directors are authorised to allot shares up to a maximum aggregate nominal amount of £593,820. The authority expires at the conclusion of the Annual General Meeting and the Directors are seeking approval to renew this authority at that meeting.

Political and charitable donations

The Group made no charitable contributions during the period (2007: nil).

Disabled employees

As an equal opportunity employer, it is the Group's policy to give full and fair consideration to every application for employment from disabled persons, bearing in mind the abilities and aptitudes of the applicants in relation to available vacancies. Where existing employees become disabled, their services will be retained wherever practicable.

Employee involvement in decision making

The Directors consider that the involvement of employees is important to the success of the Group. Employees are regularly informed of the Group's performance and progress at both formal and informal meetings.

Health and safety at work

The Group has a proactive approach to health and safety at work, regarding compliance with statutory requirements as a minimum standard. The Group's formal health and safety statement is available at all Group locations.

Financial instruments

The Group's financial risk management objectives and policies, together with detail of the Group's exposure to risk are shown in note 22 to the consolidated financial statements.

Policy on payment to creditors

The number of days' purchases outstanding for payment by the Group at the period end was 41 days (2007: 47 days). The number of days' purchases outstanding for payment by the Company at the period end was 72 days (2007: 46 days).

The Group does not follow any code or statement on payment practice. In relation to all of its suppliers, it is the Group's policy to settle the terms of payment when agreeing the terms of the transaction and to abide by those terms provided that it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Changes to Articles of Association

It is proposed, subject to shareholder approval at the forthcoming Annual General Meeting, that the Company should adopt new articles of association (the "**New Articles**") to replace its existing articles of association (the "**Current Articles**"). The changes made to the Current Articles in the New Articles are primarily to reflect the provisions of the Companies Act 2006 (the "**2006 Act**") which have recently come into force. The principal changes introduced in the New Articles are summarised below.

Form of resolution

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution will also be effective and that, where an extraordinary resolution is required, a special resolution will also be effective. This provision is being amended in the New Articles as the concept of extraordinary resolutions has not been retained under the 2006 Act.

The Current Articles enable members to act by written resolution. Under the 2006 Act, public companies can no longer pass written resolutions. These provisions have therefore been removed in the New Articles.

Convening general meetings

The concept of extraordinary general meetings has not been retained under the 2006 Act. All meetings of the members are now known as general meetings, save for the Annual General Meeting. This approach is reflected in the New Articles.

Directors' Report

continued

Changes to Articles of Association (continued)

Convening general meetings (continued)

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended in the New Articles to conform to the new provisions in the 2006 Act. In particular, a general meeting to consider a special resolution can now be convened on 14 days' notice, whereas previously 21 days' notice was required.

Quorum for general meetings

The quorum for general meetings has been reduced in the New Articles from three members to two members to reflect the minimum quorum requirement set out in the 2006 Act.

Security arrangements

There is a new provision in the New Articles whereby the Directors may direct that persons wishing to attend any general meeting should submit to such searches or other security arrangements or restrictions as the Directors shall consider appropriate.

Votes of members

Under the 2006 Act, proxies are entitled to vote on a show of hands, whereas under the Current Articles proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the 2006 Act so that the articles cannot provide that they should be received more than 48 hours before the meeting or in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. Multiple corporate representatives may be appointed by any member who is a body corporate. The 2006 Act provides for the calling of a poll by, amongst others, not less than five members entitled to vote on the resolution to which it relates whereas previously not less than three members present in person or by proxy could do so. Under the 2006 Act, in the event of an equality of votes at a general meeting, the chairman does not have the right to have the casting vote. The New Articles reflect all of these provisions.

Variation of class rights

The Current Articles contain provisions regarding the variation of class rights. The proceedings and specific quorum requirements for a meeting convened to vary class rights are contained in the 2006 Act and the relevant provisions in the Current Articles have been removed or, where necessary, amended in line with those provisions, in the New Articles.

Notice of refusal to register transfer

Where the Directors refuse to register a transfer of shares, in accordance with the 2006 Act, the New Articles oblige them to send the transferee notice of their refusal as soon as practicable and, in any event, within two months after the date on which the transfer was lodged with the Company together with reasons for the refusal.

Age of Directors on appointment

In line with the Employment Equality (Age) Regulations 2006, the New Articles do not make any reference to age restrictions on Directors.

Conflicts of interest

The 2006 Act sets out directors' general duties which largely codify the existing law but with some changes. Under the 2006 Act, since 1 October 2008, a Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests. The requirement is very broad and could apply, for example, if a Director becomes a director of another Company or a trustee of another organisation. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The 2006 Act also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give the Directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

Changes to Articles of Association (continued)

Conflicts of interest (continued)

There are safeguards which will apply when Directors decide whether to authorise a conflict or potential conflict. First, only Directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, the Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is the Directors' intention to report annually on the Company's procedures for ensuring that the board's powers to authorise conflicts are operated effectively.

Electronic and website communications

Provisions of the 2006 Act which came into force in January 2007 enable companies to communicate with members by electronic and/or website communications. The Current Articles provide for the possibility of electronic communications. However, this opportunity has been taken to clarify how certain provisions of the Current Articles apply where electronic and/or website communications are used. As before, the New Articles allow communications to members in electronic form and they now permit the Company to take advantage of the 2006 Act provisions relating to website communications. Before the Company can communicate with a member by means of website communication, the relevant member must be asked directly by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

Provision for employees on cessation of business

The 2006 Act provides that the powers of the Directors to make provision for a person employed or formerly employed by the Company in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company, may be exercised by the Directors (save where it relates to a payment to or for the benefit of the Directors) or by the Company in general meeting. However, if the power is to be exercised by the Directors, the articles of association must include a provision to this effect. The New Articles provide that the Directors may exercise this power in accordance with the 2006 Act.

Directors' indemnities, insurance and loans to fund expenditure

The 2006 Act has in some areas widened the scope of the powers of a Company to indemnify Directors and to fund expenditure incurred in connection with certain actions against Directors. In particular, a Company that is a trustee of an occupational pension scheme can now indemnify a Director against liability incurred in connection with the Company's activities as trustee of the scheme. In addition, the existing exemption allowing a Company to provide money for the purpose of funding a Director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies. The indemnity provisions, and corresponding insurance provisions, in the New Articles have been amended to reflect the 2006 Act position.

Winding up

The Current Articles contain provisions dealing with the distribution of assets in kind in the event of the Company going into liquidation. These provisions have been removed in the New Articles on the grounds that a provision about the powers of liquidators is a matter for insolvency law rather than the New Articles and that the Insolvency Act 1986 confers powers on the liquidator which would enable it to do what is envisaged by the Current Articles.

General

Generally the opportunity has been taken to bring clearer language into the New Articles and in some areas to conform the language of the New Articles.

The New Articles showing all of the changes to the Current Articles will be available for inspection at the Company's registered office during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) and at the place of the Annual General Meeting for 15 minutes prior to and during the meeting.

Directors' Report

continued

Auditors

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Rees Pollock have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting. The board has discussed their independence and considers them independent.

By order of the board

Susan Ludley
Company Secretary

5-8 Cochrane Mews
St John's Wood
London
NW8 6NY

23 April 2009

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements. The Directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards (IFRS) and have also elected to prepare financial statements for the Company in accordance with IFRS. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

International Accounting Standard 1 requires that financial statements present fairly for each period the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report and which complies with the requirements of the Companies Act 1985.

The Directors are responsible for the maintenance and integrity of the Company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

Independent Auditors' Report

To the members of Richoux Group plc

We have audited the Group and parent Company financial statements ('the financial statements') of Richoux Group plc for the period ended 28 December 2008 on pages 13 to 41, which have been prepared under the accounting policies set out on pages 17 to 21.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Directors and the auditors

As described in the Statement of Directors' Responsibilities on page 10, the Company's Directors are responsible for the preparation of the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Review that is cross referred from the business review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements within it. This other information comprises only the Chairman's Review, information on the Directors, and the Directors' Report. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the Group's affairs as at 28 December 2008 and of its loss for the period then ended;
- the parent Company financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent Company's affairs as at 28 December 2008;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Rees Pollock

Chartered Accountants and Registered Auditors
London

23 April 2009

Consolidated Income Statement

for the 52 week period ended 28 December 2008

		52 week period ended 28 December 2008 £000	27 week period ended 30 December 2007 £000
Continuing operations:			
Revenue	4	5,557	2,701
Cost of sales:			
Excluding pre-opening costs		(5,132)	(2,373)
Pre-opening costs		(42)	-
Total cost of sales		<u>(5,174)</u>	<u>(2,373)</u>
Gross profit		383	328
Administrative expenses		(688)	(334)
Other operating income		(1)	2
Operating loss before impairment and reorganisation costs		(306)	(4)
Impairment of property, plant and equipment	17	(1,672)	(325)
Impairment of goodwill	16	(91)	-
Impairment of other intangible assets	16	(62)	-
Reorganisation costs	6	-	(288)
Operating loss		<u>(2,131)</u>	<u>(617)</u>
Finance income	11	255	145
Finance expense	12	(2)	(2)
Loss before taxation	7	<u>(1,878)</u>	<u>(474)</u>
Taxation	13	-	-
Loss for the period from continuing operations		<u>(1,878)</u>	<u>(474)</u>
Profit for the period from discontinued operations		10	5
Loss for the period		<u>(1,868)</u>	<u>(469)</u>
Attributable to equity holders of the parent		<u>(1,868)</u>	<u>(469)</u>
Loss per share:			
From continuing operations:			
Loss per share	15	(4.5)p	(1.3)p
Diluted loss per share	15	<u>(4.5)p</u>	<u>(1.3)p</u>
From continuing and discontinued operations:			
Loss per share	15	(4.5)p	(1.3)p
Diluted loss per share	15	<u>(4.5)p</u>	<u>(1.3)p</u>

Consolidated and Company Statement of Recognised Income and Expense

for the 52 week period ended 28 December 2008

	Consolidated		Company	
	52 week period ended 28 December 2008 £000	27 week period ended 30 December 2007 £000	52 week period ended 28 December 2008 £000	27 week period ended 30 December 2007 £000
Loss for the financial period	(1,868)	(469)	(2,058)	(505)
Total recognised income and expense for the period	(1,868)	(469)	(2,058)	(505)
Attributable to:				
Equity holders of the parent Company	(1,868)	(469)	(2,058)	(505)

Consolidated and Company Balance Sheets

at 28 December 2008

	Note	Consolidated		Company	
		2008 £000	2007 £000	2008 £000	2007 £000
Assets					
Non-current assets					
Goodwill	16	234	325	–	–
Other intangible assets	16	44	79	22	–
Property, plant and equipment	17	2,325	2,221	805	9
Investments in subsidiaries and joint ventures	18	–	–	1,546	1,516
Total non-current assets		2,603	2,625	2,373	1,525
Current assets					
Inventories	19	80	88	–	–
Trade and other receivables	20	463	427	41	819
Cash and cash equivalents		4,375	5,535	4,308	5,452
Total current assets		4,918	6,050	4,349	6,271
Total assets		7,521	8,675	6,722	7,796
Liabilities					
Current liabilities					
Trade and other payables	21	(1,545)	(959)	(2,056)	(1,193)
Non-current liabilities					
Trade and other payables		(7)	–	–	–
Total liabilities		(1,552)	(959)	(2,056)	(1,193)
Net assets		5,969	7,716	4,666	6,603
Capital and reserves					
Share capital	24	1,681	1,681	1,681	1,681
Share premium account	26	10,335	10,335	10,335	10,335
Warrants reserve	26	–	50	–	50
Retained earnings	26	(6,047)	(4,350)	(7,350)	(5,463)
Total equity	26	5,969	7,716	4,666	6,603

These financial statements were approved by the board of Directors and authorised for issue on 23 April 2009 and were signed on its behalf by:

Salvatore Diliberto
Director

Consolidated and Company Cash Flow Statements

for the 52 week period ended 28 December 2008

	Note	Consolidated		Company	
		52 week period ended 28 December 2008 £000	27 week period ended 30 December 2007 £000	52 week period ended 28 December 2008 £000	27 week period ended 30 December 2007 £000
Operating activities					
Cash generated from/(used in) operations	28	722	(1,274)	(174)	(1,960)
Interest paid		(2)	(2)	(2)	(2)
Net cash from/(used in) operating activities		720	(1,276)	(176)	(1,962)
Investing activities					
Purchase of property, plant and equipment		(2,100)	(41)	(1,169)	–
Acquisition of trade and assets		–	(686)	–	–
Investment in joint venture		–	–	(30)	–
Purchase of intangible fixed assets		(45)	(1)	(23)	–
Proceeds from sale of property, plant and equipment		10	8	–	–
Interest received		255	145	254	145
Net cash (used in)/from investing activities		(1,880)	(575)	(968)	145
Financing activities					
Proceeds from issue of ordinary shares		–	2,000	–	2,000
Share issue costs		–	(148)	–	(148)
Net cash from financing activities		–	1,852	–	1,852
Net (decrease)/increase in cash and cash equivalents		(1,160)	1	(1,144)	35
Cash and cash equivalents at beginning of the period		5,535	5,534	5,452	5,417
Cash and cash equivalents at the end of the period		4,375	5,535	4,308	5,452

Notes

(forming part of the financial statements)

1 General information

Richoux Group plc is a Company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the Directors' Report on page 5.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

Change in year end

During the previous period the Company and its subsidiaries changed their year end from a 52 week period ended on the last Sunday in June to a 52 week period ended on the last Sunday in December. As a result of this change, the previous period is shorter than one year and the results for the current period are not directly comparable with the 27 week period included as comparative financial information.

2 Accounting policies

Basis of preparation

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. The principle accounting policies are set out below.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

		<i>Effective date</i>
IFRIC 18	Transfers of assets from customers	1 July 2009
IFRIC 17	Distribution of non-cash assets to owners	1 July 2009
Amendment to IAS 39	Financial instruments: recognition and measurement – eligible hedged items	1 July 2009
Amendment to IAS 27	Consolidated and separate financial statements	1 July 2009
Amendment to IFRS 3	Business combinations	1 July 2009
IFRIC 15	Agreements for the construction of real estate	1 January 2009
Amendment to IAS 32	Financial instruments: presentation	1 January 2009
Amendment to IAS 1	Presentation of financial statements – puttable financial instruments and obligations arising on liquidation	1 January 2009
Amendment to IFRS 1	"First time adoption of IFRS" and IAS 27 – cost of an investment in a subsidiary, jointly controlled entity or associate	1 January 2009
Amendment to IFRS 2	Share based payments – vesting conditions and cancellations	1 January 2009
IFRS 8	Operating segments	1 January 2009
Amendment to IAS 23	Borrowing costs	1 January 2009
Amendment to IAS 1	Presentation of financial statements	1 January 2009
IFRIC 16	Hedges of a net investment in a foreign operation	1 October 2008
IFRIC 13	Customer loyalty programs	1 July 2008
IFRIC 12	Service concession arrangements	1 January 2008
IFRIC 14	IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2008

The amendments to IAS 1 will lead to some changes in the presentation of the Group's financial statements in 2009.

2 Accounting policies (continued)

Basis of preparation (continued)

The amendment to IFRS 3 will lead to all transaction costs on future acquisitions being written off to the income statement immediately rather than being carried forward as part of the consideration for the acquisitions. Retrospective application will not be required so the impact of this change will be restricted to future acquisitions falling into the scope of IFRS 3.

The Directors do not believe that the adoption of the other Standards and Interpretations in future periods will have a material impact on the financial statements of the Group.

Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiary undertakings made up to 28 December 2008. Unless otherwise stated, the purchase method of accounting has been adopted for acquisitions made during the period. Under this method, the results of subsidiary undertakings acquired or disposed of in the period included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. The Group's interest in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. Intra-group sales are eliminated fully on consolidation.

Business combinations

The acquisition of subsidiaries and businesses are accounted for using the purchase method. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities recognised.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or business at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill, which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or business the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

Notes

continued

2 Accounting policies (continued)

Intangible assets and amortisation

Intangible assets are initially recognised at cost. The cost of intangibles recognised separately from a business combination is the purchase price including directly attributable costs. The cost of intangibles recognised in a business combination is the fair value on the date of acquisition. Intangible assets in business combinations are recognised separately from goodwill when the asset is either separable or arises from other contractual or legal rights and its fair value can be measured reliably. Intangible assets are subsequently measured at cost less accumulated amortisation and impairment. Intangible assets with a finite life are amortised over their expected useful lives, as follows:

Trademarks	–	10 per cent straight line;
Computer software	–	20 per cent straight line.

Investments

In the Company's financial statements, investments in subsidiary and joint venture undertakings are stated at cost, less provision for any permanent diminution in their carrying value.

Property, plant and equipment and depreciation

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives, as follows:

Freehold land and buildings	–	not depreciated
Short leasehold land and buildings	–	over the unexpired term of lease;
Leasehold improvements	–	20 per cent straight line;
Motor vehicles	–	25 per cent straight line;
Fixtures, fittings and equipment	–	between 10 and 20 per cent straight line;

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an identifiable useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of the fair value less costs to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflect the current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised as income immediately.

2 Accounting policies (continued)

Leasing and hire purchase commitments

Any lease, which entails taking substantially all the risks and rewards of ownership of an asset, is treated as a finance lease. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the income statement so as to achieve a constant rate of interest on the remaining liability, and the capital element, which reduces the outstanding obligation for future instalments. All other leases are accounted for as 'operating leases' and the rentals are charged to the profit and loss account on a straight line basis over the life of the lease. Where rental income is received for sublet properties, this rental income is netted off against the total rentals payable for that property. Where sites under operating leases are closed, provision is made in full for the expected liabilities to exit the operating lease agreement and is discounted where material. The benefit of lease incentives is spread over the term of the lease.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and it is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is unable to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Notes

continued

2 Accounting policies (continued)

Share-based payments

The Group has applied the requirements of IFRS 2 Share-based Payment. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that had not vested at 27 June 2005.

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted; based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Revenue recognition

Revenue represents the amounts net of discounts, value added tax and other sales related taxes derived from the provision of goods and services to third party customers.

Sales of goods are recognised when the goods have passed to the buyer.

Interest income is recognised as the interest accrues applying the effective interest method.

Initial franchise license fees are recognised at the time the license is granted. Ongoing franchise income is recognised in line with performance. Franchise income, net of all associated costs and charges, is included as other operating income, and does not constitute a reportable business segment. Franchise income is derived from the Middle East.

The Group sublets part of two of its leased properties and receives sublease payments from a third party and its joint venture. Rental income from the operating subleases is recognised on a straight-line basis over the term of the relevant leases. This income is offset against the total lease payments for the properties, and does not constitute a reportable business segment.

Pre-opening costs

Property rentals and related costs together with other operating costs incurred up to the date of the opening of a new or refurbished restaurant are written off to the profit and loss account in the year in which they are incurred.

Operating profit

Operating profit is stated after charging impairment and reorganisation costs but before investment income and finance costs.

Foreign currencies

In preparing the financial statements of the Group, transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the profit or loss for the period.

Pensions

The Group and the Company make contributions to the personal defined contribution pension plans of certain employees. Contributions are charged to the profit and loss account as they fall due.

3 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- The estimated impairment of goodwill – determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units (CGUs) to which the goodwill has been allocated. Goodwill is allocated on the initial purchase of the business to the individual CGUs that comprise that business based on the individual CGU's cash generation as a percentage of the total cash generated by the business as a whole. The estimation of value-in-use is based on the budgets prepared by management and the actual future results may differ from these. The critical assumptions in the forecasting process are estimating turnover and gross margin levels. Management base these estimates on a combination of historical experience and expectations of increased trade from refurbishment and operational improvements. Such expectations are generated by similar improvements at other Group restaurants but, by their very nature, each restaurant is unique to a degree and so increased trade elsewhere may not be duplicated at other sites. The allocation of goodwill to the individual CGUs is based on a short period of historic data. Variances from this data which could have resulted in a differing allocation could increase or reduce the goodwill which is now required to be written off. Management are of the opinion that the initial allocation has, however, been shown to be reasonable based on subsequent results. Details of the impairment calculations are outlined in note 16.
- The estimated impairment of tangible fixed assets – determining whether tangible fixed assets are impaired requires an estimation of the value in use of the CGUs to which the assets have been allocated. In assessing whether an asset has been impaired, the carrying value of the CGU is compared to its recoverable amount based on its value in use. As noted above, this requires the use of budgets against which actual results may vary. Details of the impairment calculations are outlined in note 17.
- Share based payments – The Company operates share option schemes that entitle employees to purchase shares in the Company. A share based payments expense is recognised in each period as it is incurred, based on the Black Scholes option valuation model. The key assumptions of this model are outlined in note 25.
- Economic useful life of assets – assets are amortised/depreciated over their expected useful lives, if the estimation of their expected useful lives is incorrect, then this may result in the amortisation/depreciation in the period being too high or too low.
- Business acquisition – the Group has made estimates of the fair values of the assets acquired based on the open market values of other restaurants in similar locations and costs that might have been incurred had the assets been purchased from third parties, with the difference between the fair values of the individual assets and the purchase consideration being goodwill. These estimates may mean that the value assigned to goodwill is too high or too low and that the amortisation/depreciation charged against the separately identified assets is too high or too low.

Notes

continued

4 Revenue

An analysis of the Group's revenue is as follows:

	2008	2007
	£000	£000
Continuing operations:		
Sale of goods	<u>5,557</u>	<u>2,701</u>
Revenue in the income statement	5,557	2,701
Franchise fee income	–	13
Sublet rental income	143	74
Investment income	<u>255</u>	<u>145</u>
	<u>5,955</u>	<u>2,933</u>

5 Segment reporting

The Group has a single business segment, being restaurants.

Occasionally the Group also receives franchise income, however this is not considered to be a significant business segment and the Group has no control over the timing of this income. Franchise income is reported under other operating income.

In addition the Group also receives income from wholesale sales of cakes to third party customers, however this is not considered to be a significant business segment as the sales are ancillary to the core business segment.

6 Reorganisation costs

	2008	2007
	£000	£000
Staff compensation, redundancy and associated costs	–	260
Head office closure costs	–	28
	<u>–</u>	<u>288</u>

7 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging/(crediting):

	2008	2007
	£000	£000
Auditors' fees (note 8)	36	36
Staff costs (note 10)	2,299	1,139
Cost of inventories recognised as an expense	1,138	579
Exchange gains	(10)	–
Amortisation of intangible assets	18	2
Depreciation of property, plant and equipment	324	120
Impairment of property, plant and equipment	1,672	325
Impairment of goodwill	91	–
Impairment of other intangible assets	62	–
Net loss on disposal of property, plant and equipment	–	3
Hire of plant and machinery – rentals payable under operating leases	30	17
Hire of other assets – rentals payable under operating leases	<u>863</u>	<u>302</u>

Total administrative expenses are £2,513,000 (2007: £947,000).

8 Auditors' fees

	2008	2007
	£000	£000
Audit services		
Fees payable to the Parent Company Auditor for the audit of the Company and consolidated financial statements	16	16
Non-audit services		
Fees payable to the Company Auditor and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	13	13
Tax services	7	7
	<u>36</u>	<u>36</u>

9 Key management compensation and remuneration of Directors

The Directors who held office during the period were as follows:

Philip Shotter (*appointed 21 May 2008*)
 Neil Blows (*died 18 April 2008*)
 James Rhodes
 Salvatore Diliberto
 Daniel Rapacioli (*resigned 26 September 2008*)

The Directors are of the opinion that, in accordance with IAS 24, there are no other key management personnel other than the board. These persons have the authority and responsibility for planning, directing and controlling the activities of the Group. Throughout the period from 31 December 2007 to 28 December 2008, key management personnel comprised an average of three people.

	2008	2007
	£000	£000
Salaries – executive Directors	158	62
Fees – non-executive Directors	38	25
Total Directors' emoluments	196	87
Compensation for loss of office	–	131
	<u>196</u>	<u>218</u>

Details of Directors' interests over shares in Richoux Group plc, including share options that they hold, are contained in the Directors' Report.

Highest paid Director

The emoluments of the highest paid Director are as follows:

	2008	2007
	£000	£000
Emoluments	<u>102</u>	<u>38</u>

Notes

continued

10 Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the period, analysed by category, was as follows:

	<i>Group</i>		<i>Company</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
Continuing operations:				
Head office	6	8	6	8
Operations	123	118	–	–
	<u>129</u>	<u>126</u>	<u>6</u>	<u>8</u>

The aggregate payroll costs of these persons were as follows:

	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Continuing operations:				
Wages and salaries	2,104	1,037	335	241
Social security costs	191	97	38	26
Contributions to personal defined contribution pension schemes	4	5	–	–
	<u>2,299</u>	<u>1,139</u>	<u>373</u>	<u>267</u>

Pension contributions were made to private individual schemes.

11 Finance income

	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>
Bank interest	254	145
Other interest	1	–
	<u>255</u>	<u>145</u>

12 Finance expense

	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>
Other interest	2	2
	<u>2</u>	<u>2</u>

13 Taxation on loss on ordinary activities**(a) Reconciliation of charge in the period**

The charge for the period can be reconciled to the loss per the income statement as follows:

	2008	<i>2007</i>
	£000	<i>£000</i>
Loss before tax:		
Continuing operations	(1,878)	(474)
Discontinued operations	10	5
	<u>(1,868)</u>	<u>(469)</u>
UK corporation tax at 28% (<i>2007: 30%</i>) on Group loss before tax	(523)	(141)
Timing differences relating to tangible fixed assets	283	(20)
Expenses not deductible for tax purposes	49	10
Depreciation on assets on which no capital allowances claimed	191	96
Tax losses carried forward	–	55
Total current tax charge	<u>–</u>	<u>–</u>

(b) Factors that may affect future tax charges

The Group has unprovided deferred tax assets as is more fully disclosed in note 23.

14 Richoux Group plc – profit and loss account

The Company has taken advantage of the exemption allowed by section 230 of the Companies Act 1985 from presenting its own profit and loss account. The Company made a loss of £2,058,000 for the period (*2007: £505,000*).

Notes

continued

15 Loss per share

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

	2008 £000	2007 £000
Loss		
Loss from continuing operations for the purpose of basic loss per share excluding discontinued operations	(1,878)	(474)
Profit from discontinued operations	<u>10</u>	<u>5</u>
Loss for the purposes of basic loss per share being the net profit attributable to equity holders of the parent	<u>(1,868)</u>	<u>(469)</u>
Number of shares		
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	<u>-</u>	<u>9,171</u>
Weighted average number of ordinary shares for the purposes of diluted loss per share	<u>42,019,612</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>2,082,840</u>	<u>2,532,669</u>
Basic (loss)/profit per share:		
From total operations	(4.5)p	(1.3)p
From continuing operations	(4.5)p	(1.3)p
From discontinued operations	<u>0.0p</u>	<u>0.0p</u>
Diluted (loss)/profit per share:		
From total operations	(4.5)p	(1.3)p
From continuing operations	(4.5)p	(1.3)p
From discontinued operations	<u>0.0p</u>	<u>0.0p</u>

16 Intangible fixed assets

Group	Goodwill £000	Trademarks £000	Software £000	Total £000
Cost				
At 24 June 2007	269	1	–	270
Additions	–	1	–	1
Recognised on business combination	56	–	80	136
Disposal	–	(1)	–	(1)
At 30 December 2007	325	1	80	406
Additions	–	2	43	45
At 28 December 2008	325	3	123	451
Accumulated amortisation and impairment				
At 24 June 2007	–	–	–	–
Charge for the period	–	–	2	2
At 30 December 2007	–	–	2	2
Charge for the period	–	–	18	18
Impairment	91	–	62	153
At 28 December 2008	91	–	82	173
Carrying amount				
At 28 December 2008	234	3	41	278
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 per cent. The discount rate applied to cash flow projections is 12 per cent.

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.

Notes

continued

16 Intangible fixed assets (continued)

Company

Software
£000

Cost

At 24 June 2007 and 30 December 2007

–

Additions

23

At 28 December 2008

23

Accumulated amortisation

At 24 June 2007 and 30 December 2007

–

Charge for the period

1

At 28 December 2008

1

Carrying amount

At 28 December 2008

22

At 30 December 2007

–

There is no impairment provision required for the Company.

17 Property, plant and equipment

Group	<i>Freehold Land and Buildings</i> £000	<i>Short leasehold land and buildings</i> £000	<i>Leasehold improvements</i> £000	<i>Fixtures fittings, and equipment</i> £000	<i>Motor Vehicles</i> £000	<i>Total</i> £000
Cost						
At 24 June 2007	–	2,546	67	918	–	3,531
Additions	–	10	–	27	4	41
Recognised on business combination	–	361	–	275	–	636
Disposals	–	(14)	(50)	(243)	–	(307)
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
Accumulated depreciation and impairment						
At 24 June 2007	–	790	64	686	–	1,540
Charge for period	–	76	2	42	–	120
Impairment	–	325	–	–	–	325
Disposals	–	(13)	(50)	(242)	–	(305)
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
Carrying amount						
At 28 December 2008	787	1,188	–	350	–	2,325
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 per cent. The discount rate applied to cash flow projections is 12 per cent.

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.

Notes

continued

17 Property, plant and equipment (continued)

Company	Freehold land and buildings £000	Short leasehold land and buildings £000	Fixtures, fittings and equipment £000	Total £000
Cost				
At 24 June 2007	–	3	35	38
Disposals	–	(3)	(15)	(18)
At 30 December 2007	–	–	20	20
Additions	1,156	–	13	1,169
At 28 December 2008	1,156	–	33	1,189
Accumulated depreciation and impairment				
At 24 June 2007	–	3	22	25
Charge for period	–	–	2	2
Disposals	–	(3)	(13)	(16)
At 30 December 2007	–	–	11	11
Charge for period	–	–	4	4
Impairment	369	–	–	369
At 28 December 2008	369	–	15	384
Carrying value				
At 28 December 2008	787	–	18	805
At 30 December 2007	–	–	9	9

Impairment testing of property, plant and equipment

In the period an impairment charge of £369,000 has been recognised relating to the unrecoverable elements of the refurbishment 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.

18 Investments in subsidiaries and joint ventures

Company	£000
Cost	
At 24 June 2007 and 30 December 2007	2,707
Investment in joint venture	30
	<hr/>
At 28 December 2008	2,737
	<hr/>
Accumulated impairment	
At 24 June 2007, 30 December 2007 and 28 December 2008	1,191
	<hr/>
Carrying value	
At 28 December 2008	1,546
	<hr/>
At 30 December 2007	1,516
	<hr/>

Subsidiary undertakings

The Company wholly owns the subsidiary undertakings below, all of which have been included in the consolidated financial statements. All shareholdings represent the entire issued ordinary share capital of each subsidiary undertaking (and the entire issued preference share capital for Newultra Limited).

	Country of Incorporation	Principle activity
Bridgedon Limited	England and Wales	Non trading
Newultra Limited	England and Wales	Restaurant
Richoux Limited	England and Wales	Restaurant
NGS Finance Limited	Guernsey	Dormant
Richoux (UK) Limited (formerly Richoux Group Limited)	England and Wales	Dormant
Richoux Retail Limited *	England and Wales	Dormant
Richoux Restaurants (London) Limited *	England and Wales	Dormant

* Richoux Retail Limited and Richoux Restaurants (London) Limited are subsidiaries of Richoux Limited.

Joint Ventures

On 5 December 2008 the Company acquired a 50 per cent interest in a joint venture, Suzu Limited, a Japanese restaurant concept. The following amounts represent the Group's 50 per cent share of the assets and liabilities and sales and results of the joint venture. They are included in the balance sheet and income statement.

	2008 £000	2007 £000
Assets:		
Non-current assets	12	–
Current Assets	37	–
	<hr/>	<hr/>
	49	–
	<hr/>	<hr/>
Liabilities:		
Current liabilities	(25)	–
	<hr/>	<hr/>
Net assets	24	–
	<hr/>	<hr/>
Revenue	1	–
Expenses	(7)	–
	<hr/>	<hr/>
Loss after taxation	(6)	–
	<hr/>	<hr/>

Notes

continued

19 Inventories

	Group	
	2008	2007
	£000	£000
Finished goods and goods for resale	13	18
Raw material and consumables	67	70
	<u>80</u>	<u>88</u>

The Company balance sheet contains no inventories.

20 Trade and other receivables

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Trade debtors	39	32	–	–
Amounts owed by Group undertakings	–	–	1	721
Other debtors	17	29	–	–
Prepayments and accrued income	407	366	24	77
Taxation and social security	–	–	16	21
	<u>463</u>	<u>427</u>	<u>41</u>	<u>819</u>

21 Trade and other payables

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Trade payables	674	342	39	35
Taxation and social security	140	168	8	19
Other creditors	546	325	201	142
Accruals and deferred income	185	124	13	23
Amounts owed to Group undertakings	–	–	1,795	974
	<u>1,545</u>	<u>959</u>	<u>2,056</u>	<u>1,193</u>

22 Financial instruments

The Group uses a limited number of financial instruments to manage the financial risks faced by the Group comprising cash, short term deposits, and various items such as trade debtors and creditors, which arise directly from operations. In accordance with its policy, the Group did not trade in financial instruments throughout the period.

Cash and cash equivalents

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Trade receivables

Trade receivables are recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

22 Financial instruments (continued)**Trade payables**

Trade receivables are recognised at the fair value and are subsequently measured at amortised cost using the effective interest rate method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Fair values

The carrying values of trade receivables and trade payables arising from operations are not considered to differ from their fair values due to the short term nature of the assets and liabilities. The fair value of cash is not considered to differ from its carrying value, as although some of the cash is held at fixed interest rates the maturity profile is short.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign exchange risk. The board reviews and agrees policies for managing each of these risks and these policies are summarised below.

Credit risk

The nature of the Group's operations do not expose it to significant credit risk as most transactions are cash or cash-based and backed by bank guarantee.

Bank balances and cash are held by banks with high credit ratings assigned by independent credit ratings agencies. Despite the recent financial turmoil, the Directors are of the opinion that the cash balances do not represent a significant credit risk, although the Directors recognise some risk does arise in the current economic climate.

No collateral is held against credit risk. As at the balance sheet date there were no overdue trade receivables (2007: *£nil*), and the value of the groups credit risk exposure at the balance sheet date was as follows:

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Trade debtors	39	32	-	-
Credit card transactions – included in cash and cash equivalents	56	62	-	-
	<u>95</u>	<u>94</u>	<u>-</u>	<u>-</u>

Interest rate risk

In respect of interest rate risk, the Group's policy is to place surplus cash at commercial rates on treasury deposit with its bankers, to the extent that the cash flow can be reasonably predicted. This policy has not changed during the period and no change is anticipated.

The Group and Company has £3,000,000 at a weighted average interest rate of 4.04 per cent which matures within one month (2007: £5,000,000 at a weighted average interest rate of 6.08 per cent), and £500,000 at a weighted average interest rate of 2.66 per cent which matures within two months (2007: *£nil*), held on treasury deposit with its bankers.

Liquidity risk

In respect of liquidity risk, the Group finances its operations from current cash reserves. The Group does not currently have any unused bank facilities.

Notes

continued

22 Financial instruments (continued)

Foreign exchange risk

The Group's operations lead it to make certain purchases, which are denominated in Euros. The Group's exposure to foreign exchange risk arising from these transactions is currently minimal and accordingly, no hedging of the Group's foreign currency exposure is undertaken. The Board will keep this under review should the exposure increase.

At the balance sheet date the assets and liabilities of the Group denominated in Euros were as follows:

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Prepayments and accrued income	90	10	-	-
Trade payables	(5)	(1)	-	-
Other creditors	(115)	-	-	-
	<u>(30)</u>	<u>9</u>	<u>-</u>	<u>-</u>

Capital structure

The Group only has ordinary share capital and currently has no gearing. Currently the Group holds significant cash reserves. These have arisen following the Group's disposal of its pub restaurant business and the share issue during the previous period and the Group plans to utilise the cash for the expansion of the Richoux brand.

23 Deferred taxation

The Group and Company have no recognised deferred tax liabilities or assets. The Group has the following unprovided deferred tax assets:

	Unprovided	
	December	June
	2008	2007
	£000	£000
Timing differences relating to fixed assets	(424)	(209)
Other timing difference	(806)	(506)
	<u>(1,230)</u>	<u>(715)</u>

Other timing differences relate to tax losses of £2,879,000 (2007: £1,807,000) carried forward as at 28 December 2008. These losses arise in respect of trading and non-trading losses carried forward.

Carried forward trading losses will, subject to approval by HM Revenue and Customs, reverse against taxable profits of the same trade. No asset has been recognised in respect of these trading losses due to uncertainties over the timing and nature of such profits in accordance with IAS 12.

Carried forward non-trading losses will reverse against non-trading gains in future periods. No asset has been recognised in respect of these losses and no such gains are anticipated in the foreseeable future.

The Company has non-trading losses of £617,000 (2007: £643,000), which give rise to unprovided deferred tax assets of £173,000 (2007: £180,000).

24 Share capital

The share capital of the Company is shown below:

	Number	£000
Shares classed as equity		
Authorised		
Ordinary shares of 4 pence each at beginning and end of the period	102,512,500	4,101
Allotted, called up and fully paid		
As at 24 June 2007	34,238,018	1,370
Issued during the period	7,781,594	311
As at 30 December 2007 and 28 December 2008	42,019,612	1,681

At 28 December 2008, options in respect of 2,082,840 ordinary shares were outstanding (including 750,000 to the Directors of the Company) under the Company's various options schemes as follows:

Date granted	Exercise price	Number of shares	Years from date of grant that options are exercisable
1998 Unapproved share option scheme			
2 March 2000	140 pence	8,375	3-10
1998 Unapproved share option scheme			
6 October 2000	72 pence	6,250	3-10
1998 Unapproved share option scheme			
30 May 2002	22 pence	15,000	3-10
1998 Unapproved share option scheme			
1 October 2004	44 pence	37,500	3-10
1998 Unapproved share option scheme			
17 September 2007	27.5 pence	386,364	3-10
N Blows option scheme			
17 September 2007	27.5 pence	250,000	3-10
EMI option Scheme			
17 September 2007	27.5 pence	363,636	3-10
Amato option scheme			
22 October 2007	28 pence	535,715	3-6
EMI option Scheme			
15 November 2007	28 pence	230,000	3-10
EMI option Scheme			
16 November 2007	28 pence	250,000	3-10

Notes

continued

25 Share based payments

Group

	2008	2007
	£000	£000
Share based payment expense/(credit)	121	(31)

In 1998 the Company established the Unapproved Share Option Scheme, and in 2007 the Company established the EMI Share Option Scheme, both of which entitled employees to purchase shares in the entity.

Options had been granted prior to 7 November 2002. In accordance with the transition provisions in IFRS 2 the recognition and measurement principles in IFRS 2 have not been applied to the options granted prior to 7 November 2002.

Exercise prices are based on market value of the Company's shares at the date of grant. Options are conditional on the employee remaining in the Company's service for the period up to and including the vesting date (the vesting period) and may be exercised by ex-employees only at the Directors' discretion.

Movements in the total number of share options outstanding and their weighted average exercise price are as follows:

Company	2008		2007	
	<i>Weighted average exercise price per share Pence</i>	<i>Options Number</i>	<i>Weighted average exercise price per share Pence</i>	<i>Options Number</i>
Outstanding at start of period	31	2,516,840	44	491,125
Granted	–	–	(13)	2,075,715
Exercised	–	–	–	–
Forfeited	(2)	(434,000)	–	(50,000)
Outstanding at end of period	29	2,082,840	31	2,516,840
Exercisable at end of the period	54	67,125	46	441,125

The fair value of options granted during the period to 28 December 2008 was £nil (2007 £284,917).

25 Share based payments (continued)

The fair value of services received in return for share options granted are measured by reference to the fair value of the share options granted. The estimate of the fair value of the services received is measured based on the Black Scholes model. The significant inputs into the model for the options granted during the 27 week period to 30 December 2007 were:

Grant date	2007		
	September 2007	October 2007	November 2007
Share price at grant date	27.5p	28p	28p
Exercise price	27.5p	28p	28p
Number of employees	2	–	9
Shares under option	1,000,000	535,715	540,000
Vesting period	3 years	Immediate	3 years
Expected volatility (expressed as a standard deviation of expected share price returns)	54.93%	54.31%	53.72%
Expected option life	5 years	Immediate	5 years
Expected dividend yield	Nil	Nil	Nil
Risk free interest rate (based on national Government bonds)	5.08%	4.79%	4.79%
Fair value per option	14.56p	11.42p	14.47p

The expected volatility estimate was based on the average of the share price on the first day of each month from December 2003 to November 2007.

Share options are granted under a service condition. Such conditions are not taken into account in the fair value measurement of the services received. There are no market conditions associated with the share option grants.

Notes

continued

26 Reserves and reconciliation of movement in equity

Group	Share capital £000	Share premium account £000	Warrants reserve £000	Profit and loss account £000	Total £000
At 24 June 2007	1,370	8,769	50	(3,911)	6,278
Loss for the period	–	–	–	(469)	(469)
Credit to equity for equity settled share based payments	–	–	–	30	30
New share capital subscribed	308	1,692	–	–	2,000
New share capital issue costs	–	(148)	–	–	(148)
Shares issued for the acquisition of Amato	3	22	–	–	25
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	–
At 28 December 2008	1,681	10,335	–	(6,047)	5,969
Company	Share capital £000	Share premium account £000	Warrants reserve £000	Profit and loss account £000	Total £000
At 24 June 2007	1,370	8,769	50	(4,988)	5,201
Loss for the period	–	–	–	(505)	(505)
Credit to equity for equity settled share based payments	–	–	–	30	30
New share capital subscribed	308	1,692	–	–	2,000
New share capital issue costs	–	(148)	–	–	(148)
Shares issued for the acquisition of Amato	3	22	–	–	25
At 30 December 2007	1,681	10,335	50	(5,463)	6,603
Loss for the period	–	–	–	(2,058)	(2,058)
Credit to equity for equity settled share based payments	–	–	–	121	121
Warrants lapsed	–	–	(50)	50	–
At 28 December 2008	1,681	10,335	–	(7,350)	4,666

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.

27 Commitments

(a) Capital commitments of the Group and Company at the end of the financial period, for which no provision has been made, are £600,000 (2007: £200,000)

(b) At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Group	Land and buildings		Other	
	2008	2007	2008	2007
	£000	£000	£000	£000
Operating leases due:				
Within one year	893	756	25	32
In the second to fifth years inclusive	3,782	3,026	23	47
Over five years	7,532	5,686	-	-
	12,207	9,468	48	79

The Group subleases part of one of its leased properties and receives sublease payments from third parties. In addition the Group subleases one of its leased properties to its joint venture from which it receives sublease payments. The future minimum sublease payments expected to be received under non-cancellable sublease agreements are:

Operating sublease due:				
Within one year	187	142	-	-
In the second to fifth years inclusive	749	569	-	-
Over five years	890	392	-	-
	1,826	1,103	-	-

Company	Other	
	2008	2007
	£000	£000
Operating leases due:		
Within one year	1	1
In the second to fifth years inclusive	1	2
	2	3

Notes

continued

28 Reconciliation of operating loss to operating cash flows

	<i>Group</i>		<i>Company</i>	
	<i>2008</i> <i>£000</i>	<i>2007</i> <i>£000</i>	<i>2008</i> <i>£000</i>	<i>2007</i> <i>£000</i>
Operating loss – continuing	(2,131)	(617)	(2,310)	(648)
Operating loss – discontinued	–	(3)	–	–
Loss on disposal of property, plant and equipment	–	3	–	2
Depreciation charge	324	120	4	2
Amortisation charge	18	2	1	–
Impairment of intangible fixed assets	153	–	–	–
Impairment of tangible fixed assets	1,672	325	369	–
Decrease/(increase) in stocks	8	(19)	–	–
(Increase)/decrease in debtors	(36)	65	778	(601)
Increase/(decrease) in creditors	593	(1,119)	863	(684)
Equity settled share based payments	121	(31)	121	(31)
Net cash inflow/(outflow) from operating activities	722	(1,274)	(174)	(1,960)

29 Related party transactions

Consolidated

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

During the period the Company entered into a joint venture, Suzu Limited, and this company uses some of the Group's assets in its operations. These assets have been lent free of charge and have been impaired in the Group's financial statements.

Company

Balances due to and from the Company's subsidiaries represent cash transferred in line with the funding requirements of each Company and the Group's policy to place any excess funds on treasury deposit with its bankers. These balances are separately disclosed within trade and other receivables and trade and other payables. As at the balance sheet date the value of these transactions was as follows:

	<i>2008</i> <i>£000</i>	<i>2007</i> <i>£000</i>
Gross amounts owed by Group undertakings	4,974	4,426
Provision	(4,973)	(3,705)
Net amounts owed by Group undertakings (note 20)	<u>1</u>	<u>721</u>
Amounts owed to Group undertakings (note 21)	<u>(1,795)</u>	<u>(974)</u>

During the period a provision of £1,268,000 (2007: £10,000) was made against amounts due from Group undertakings.

Transactions with Directors

Transactions with Directors are as follows:

Group and Company

	<i>2008</i> <i>£000</i>	<i>2007</i> <i>£000</i>
Short term employee benefits	196	218
Share based payments	74	(20)
	<u>270</u>	<u>198</u>

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Richoux Group plc will be held at the offices of Dechert LLP, 160 Queen Victoria Street, London EC4V 4QQ on Thursday, 9 July 2009 at 11:00am for the purpose of considering, and if thought fit, passing the following resolutions, of which resolutions 1 to 4 (inclusive) will be proposed as ordinary resolutions and resolutions 5 to 7 (inclusive) will be proposed as a special resolutions:

ORDINARY BUSINESS

Ordinary Resolutions

1. THAT the report of the Directors and the accounts for the period ended 28 December 2008 be received and adopted.
2. THAT James Rhodes who retires by rotation be re-elected as a Director of the Company.
3. THAT Rees Pollock be and are hereby appointed auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next Annual General Meeting at which accounts are laid before the Company at a remuneration to be fixed by the Directors.

SPECIAL BUSINESS

Ordinary Resolutions

4. THAT the Directors be generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 ("the Act") to allot any relevant securities (as defined in section 80(2) of the Act) of the Company:

4.1. up to an aggregate nominal amount of £588,033: and

4.2. comprising equity securities (as defined in section 94 of the Act) up to a further aggregate nominal amount of £588,033 in connection with an offer by way of a rights issue:

4.2.1. to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

4.2.2. to holders of other equity securities as required by the rights of those securities or, as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange,

and such authorities shall expire on the conclusion of the next Annual General Meeting of the Company or, if earlier, on 28 June 2010, save that the Company may, in each case, before the expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of any such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

Notice of Annual General Meeting

continued

Special Resolutions

5. THAT:

5.1. the Directors be granted power pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94 of the Act) wholly for cash pursuant to the authority conferred on them by resolution 4 above as if section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to:

5.1.1. the allotment of equity securities, in conjunction with a rights issue, open offer or otherwise to the holders of ordinary shares (but in the case of the authority granted under resolution 4.2, by way of rights issue only), in proportion (as nearly as may be) to the respective number of ordinary shares held by them in the capital of the Company, subject only to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange or otherwise in any territory; and for the purpose of this resolution "rights issue" means an offer of equity securities to holders of ordinary shares in proportion to their respective holdings (as nearly as may be) and holders of other securities to the extent expressly required or (if considered appropriate by the Directors) permitted by the rights attached thereto; and

5.1.2. the allotment (otherwise than pursuant to resolution 5.1.1 above) of equity securities up to an aggregate nominal value of £176,410

and shall expire on 28 June 2010 or, if earlier, at the conclusion of the next Annual General Meeting of the Company unless previously varied, revoked or renewed by the Company in general meeting provided that the Company may, before such expiry, make any offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement as if the power hereby conferred had not expired; and

5.2. all prior powers granted under section 95 of the Act be revoked provided that such revocation shall not have retrospective effect.

6. THAT the Company is, pursuant to section 166 of the Act, hereby generally and unconditionally authorised to make market purchases (within the meaning of section 163 of the Act) of ordinary shares of 4 pence each in the capital of the Company provided that:

6.1. the maximum number of ordinary shares hereby authorised to be purchased is 4,201,961 ordinary shares being 10 per cent of the issued share capital at the date of the passing of the resolution;

6.2. the minimum price (exclusive of expenses) which may be paid for ordinary shares is 4 pence per ordinary share;

6.3. the maximum price (exclusive of expenses) which may be paid for an ordinary share shall not be more than the higher of:

6.3.1. an amount equal to 105 per cent of the average of the middle market quotations for an ordinary share derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased; and

6.3.2. the higher of the price of the last independent trade and the highest current independent bid for an ordinary share on the London Stock Exchange Daily Official List at the time the purchase is carried out;

-
- 6.4. the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which contract to purchase will be executed wholly or partly after the expiry of such authority; and may make the purchase of ordinary shares in pursuance of any such contract; and
 - 6.5. the authority hereby conferred shall expire on the conclusion of the next Annual General Meeting of the Company.
 7. That the Company hereby adopts the regulations as set out in the Articles of Association of the Company produced to the meeting and initialled by the chairman for the purposes of identification as the new Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association of the Company.

By order of the Board

Susan Ludley
Secretary

5 June 2009

Registered Office: 5-8 Cochrane Mews, St John's Wood, London NW8 6NY

Notes

1. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members registered in the Register of Members of the Company at 6.00 p.m. on 7 July 2009 (or if the Meeting is adjourned, members entered on the Register of Members of the Company not later than 48 hours before the time fixed for the adjourned Meeting) shall be entitled to attend, speak and vote at the Annual General Meeting in respect of the number of ordinary shares registered in their name at that time. Changes to entries on the Register of Members of the Company after 6.00 p.m. on 7 July 2009 shall be disregarded in determining the rights of any person to attend, speak or vote at the Meeting.
2. A member entitled to attend, speak and vote at the Meeting is entitled to appoint a proxy to exercise all or any of his rights to attend, speak and to vote instead of him. A proxy need not be a member of the Company but must attend the Meeting. If a member wishes his proxy to speak on his behalf at the Meeting he will need to appoint his own choice of proxy (not the Chairman) and give his instructions directly to them. Completion and return of a form of proxy will not preclude a member from attending, speaking and voting at the Meeting or any adjournment thereof in person. If a proxy is appointed and the member attends the Meeting in person, the proxy appointment will automatically be terminated.
3. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please sign and date the form of proxy and attach a schedule listing the names and addresses (in block letters) of all of your proxies, the number of shares in respect of which each proxy is appointed (which, in aggregate, should not exceed the number of shares held by you) and indicating how you wish each proxy to vote or abstain from voting. If you wish to appoint the Chairman as one of your multiple proxies, simply write "the Chairman of the Meeting".
4. A form of proxy is enclosed and details of how to appoint and direct a proxy to vote on each resolution are set out in the notes to the form of proxy. To be valid the form of proxy must be completed and signed, and lodged with the Registrars of the Company, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not less than 48 hours before the time fixed for the Meeting or for any adjournment thereof together with, if appropriate, the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority. In the case of a member which is a Company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.

Notice of Annual General Meeting

continued

5. In the case of joint holders, the signature of only one of the joint holders is required on the form of proxy. In the event that more than one of the joint holders purports to appoint a proxy, the appointment submitted by the first named on the Register of Members of the Company will be accepted to the exclusion of the other joint holder.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) of the meeting by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID:RA10) no later than 48 hours before the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

7. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution, and if no voting indication is given, a proxy may vote or abstain from voting at his or her discretion. A proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
 8. In order to revoke a proxy instruction a member will need to send a signed hard copy notice clearly stating your intention to revoke a proxy appointment to Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU together with, if appropriate, the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority. In the case of a member, which is a company, the notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the Company.
 9. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative,
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a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.org.uk – for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

10. Copies of the service agreements of the Executive Directors, the letters of appointment of the Non-Executive Directors and the proposed new articles of association of the Company, showing all of the changes to the current articles of association, will be available for inspection at the Company's registered office during normal business hours on any week day (but not at weekends or on public holidays) up to and including the date of the Annual General Meeting. Copies of all the above mentioned documents will also be available on the date of the Annual General Meeting at the place of the meeting for 15 minutes prior to the meeting until its conclusion.
11. Except as provided above, members who have general queries about the meeting should write to the Company Secretary at the address of our registered office. You may not use any electronic address provided either in this notice of Annual General Meeting or any related documents (including the annual report and accounts and proxy form) to communicate with the Company for any purposes other than those expressly stated.

Form of Proxy

I/We
 (name in full in block capitals)

of
 being a member/members of Richoux Group plc (the "Company") hereby appoint the chairman of the meeting

(see note 1 below) as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 11.00 a.m. on Thursday, 9 July 2009 at the offices of Dechert LLP, 160 Queen Victoria Street, London EC4V 4QQ, and at any adjournment thereof, on the following resolutions as indicated by an 'X' in the appropriate box:

Ordinary Resolutions	For	Against	Abstain	Discretion
1 To adopt the report and accounts for the year ended 28 December 2008.				
2 To reappoint James Rhodes as a Director.				
3 To appoint the auditors and to authorise the Directors to fix their remuneration.				
4 To grant authority under section 80 of the Companies Act to allot relevant securities.				

Special Resolutions

5 To authorise the Directors to disapply statutory pre-emption rights.				
6 To authorise the Company to make market purchases of its own shares.				
7 To adopt new articles of association of the Company.				

Signature Dated 2009

Notes:

- You may if you wish strike out the words "chairman of the meeting" and insert the name of some other person to act as your proxy in the space provided. All amendments to this form must be initialled. If you sign and return this form with no name inserted in the space the Chairman of the Meeting will be deemed to be your proxy. Where someone other than the Chairman is appointed as a proxy the member appointing him is responsible for ensuring that they attend the Meeting and are aware of his voting intentions. If a member wishes his proxy to speak on his behalf at the Meeting, he will need to appoint someone other than the Chairman and give his instructions directly to them.
- A member entitled to attend, speak and vote at the Meeting is entitled to appoint a proxy or proxies to exercise all or any of his rights to attend, speak and to vote at the Meeting instead of him. A proxy can only be appointed by following the procedure set out in these notes and the notes to the Notice of Annual General Meeting.
- A proxy need not be a member of the Company but must attend the Meeting. Completion and return of a form of proxy will not preclude a member from attending, speaking and voting at the Meeting or any adjournment thereof in person. If a proxy is appointed and the member attends the Meeting in person the proxy appointment will automatically be terminated.
- To be valid this form of proxy must be completed and lodged with the Registrars of the Company, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time fixed for the Meeting or for any adjournment thereof together with, if appropriate, the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority. In the case of a member which is a Company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company.
- In the case of joint holders, the signature of only one of the joint holders is required on the form of proxy. In the event that more than one of the joint holders purports to appoint a proxy, the appointment submitted by the first named on the Register of Members of the Company will be accepted to the exclusion of the other joint holder.
- A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please sign and date the form of proxy and attach a schedule listing the names and addresses (in block letters) of all of your proxies, the number of shares in respect of which each proxy is appointed (which, in aggregate, should not exceed the number of shares held by you) and indicating how you wish each proxy to vote or abstain from voting. If you wish to appoint the Chairman as one of your multiple proxies, simply write "the Chairman of the Meeting".
- If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
- Please indicate with an "X" in the appropriate boxes how you wish your votes on the resolutions to be cast. Unless otherwise instructed, your proxy may vote or abstain from voting as he/she thinks fit. The "Vote Withheld" option is to enable you to abstain on any particular resolution. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his/her discretion.
- CREST members should use the CREST electronic proxy appointment service and refer to note 6 of the Notice of Annual General Meeting in relation to the submission of a proxy via CREST.
- To have the right to attend, speak and vote (and also for the purpose of calculating how many votes a person may cast), a person must have his/her name entered on the Register of Members of the Company by no later than 6.00 p.m. on 7 July 2009 or, in the event that the meeting is adjourned, 48 hours prior to the date of the adjourned meeting. Changes to entries on the Register of Members of the Company after this time shall be disregarded in determining the rights of any person to attend, speak or vote at the meeting.
- You may not use any electronic address provided in this proxy form to communicate with the Company for any purposes other than those expressly stated.



SECOND FOLD

BUSINESS REPLY SERVICE
Licence No. MB122



**Capita Registrars
Proxies Department
PO Box 25
BECKENHAM
Kent
BR3 4BR**

FIRST FOLD

THIRD FOLD AND TUCK-IN

