Richoux Group plc

Annual Report December 2009

Contents

Advisers 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

Results
Group turnover from our continuing operations for the 52 week period ended 27 December 2009 decreased to £5.02 million (*2008: £5.56 million*) following the closure of the Amato restaurants. Gross profit from continuing operations was £0.14 million (*2008: £0.38 million*). The gross profit before pre-opening costs percentage for the four established Richoux restaurants increased from 15 per cent to 18 per cent during the year. However there was a decrease in the total Group restaurants' gross profit before pre-opening costs percentage from 8 per cent to 5 per cent during the year, this was due to the performance of Amato and the new Richoux restaurants in High Wycombe and Old Compton Street. Administrative expenses for continuing operations (before impairment and onerous lease provision) of £0.44 million (*2008: £0.69 million*) were in line with expectations.

The impairment provisions of £0.87 million relate to the fitting-out of the Richoux in High Wycombe and the rebranding of the Old Compton Street restaurant as a Richoux following the subsequent decision to close them. The onerous lease provision of £0.40 million is in respect of the Richoux restaurant in High Wycombe.

The Directors are not recommending the payment of a dividend.

Operations

Richoux
The Group's established Richoux restaurants continue to trade well and gross profit before pre-opening costs for these four restaurants increased by 18 per cent on the previous year. The new Richoux restaurants in High Wycombe and Old Compton Street were trading below expectations and have been closed. The Old Compton Street site has now been sold and the Group is actively investigating opportunities to dispose of the High Wycombe site.

The Group is seeking to establish new brands to sit alongside the Richoux brand and to this end is developing the following two brands:-

Zippers
The new mid-market family orientated "Zippers" restaurant has opened in Chatham and initial trading has been in line with expectations. New leasehold premises have been acquired in Andover, Hampshire and the new restaurant is expected to open in autumn 2010.

Frankie's Easy Diner
New leasehold premises have been acquired in Chatham, Kent. It is intended that this site will trade as "Frankie's Easy Diner". This is to be a family orientated American diner style hamburger concept and is expected to open in summer 2010.

Capital expenditure and cash flow
The Board has sought to preserve the cash resources of the Group where possible. As at the end of the period under review the Group held cash of £2.96 million (*2008: £4.38 million*).

Capital expenditure of £1.40 million was incurred in the period on the fitting-out of the Richoux restaurants in High Wycombe and Old Compton Street and the fitting-out of the new Zippers restaurant.

Outlook
Although trading conditions remain challenging the Group continues to develop new concepts and brands to complement the core Richoux business. Along with the two new sites which have recently been acquired measured expansion is being considered for the Group's brands if suitable sites can be found.

Philip Shotter
Chairman

22 April 2010

Board of Directors

Philip Shotter, (39) ***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, (69) ***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, (40) ***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, Emerging Markets Advisory Corporation Limited and Updata Infrastructure 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 27 December 2009.

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 page 2.

Proposed dividend
The Directors do not recommend the payment of a dividend *(2008: £nil)*.

Post balance sheet events
Details of the Group's post balance sheet events are shown in note 30 to the consolidated financial statements.

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

Philip Shotter
James Rhodes
Salvatore Diliberto

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:

	Interest in 4p ordinary shares at end of the period	*Interest in 4p ordinary shares at beginning of period*
Philip Shotter	–	–
James Rhodes	57,664	57,664
Salvatore Diliberto	4,512,820	4,512,820

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

	At start of period	*Granted*	*Exercised*	*Lapsed*	*At end of period*	*Exercise Price*	*Date from which exercisable*	*Expiry date*
Salvatore Diliberto	750,000	–	–	–	750,000	27.5p	17-09-2010	17-09-2017
Salvatore Diliberto	–	200,000	–	–	200,000	9p	10-12-2012	10-12-2019
Philip Shotter	–	150,000	–	–	150,000	9p	10-12-2012	10-12-2019

No Director exercised any share options during the period (*2008: none*).

The middle market price of the Company's ordinary shares on the London Stock Exchange was 9p on 24 December 2009. During the period ended 27 December 2009, the middle market prices of such shares on the Alternative Investment Market of the London Stock Exchange ranged between a low of 6.5p and a high of 10p.

Directors' Report

continued

Directors' indemnities
The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the period and remain in force at the date of this report.

Authority to allot shares and share issues
The Directors are authorised to allot shares up to a maximum aggregate nominal amount of £588,033. 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 *(2008: 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 23 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 57 days *(2008: 41 days)*. The number of days' purchases outstanding for payment by the Company at the period end was 33 days (*2008: 72 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.

Articles of Association
It is proposed to adopt new Articles of Association (the "**New Articles**") with immediate effect to update the Company's current Articles of Association (the "**Current Articles**") primarily to take account of the coming into force of the Companies (Shareholders' Rights) Regulations 2009 (the "**Shareholders' Rights Regulations**"), the implementation of the last parts of the Companies Act 2006 and amendments to the Uncertificated Securities Regulations 2001. The principal changes introduced in the New Articles are set out below. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006, the Shareholders' Rights Regulations or the Uncertificated Securities Regulations 2001, or conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Innovation and Skills, have not been noted.

Articles of Association *(continued)*
A copy of the New Articles and a copy of the Current Articles marked to show changes being proposed by this resolution are available for inspection as noted on page 43 of this document.

1. The Company's objects
The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum. The Companies Act 2006 provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Companies Act 2006 the objects clause and all other provisions which are contained in a company's memorandum, for existing companies at 1 October 2009, are deemed to be contained in the company's articles of association but the company can remove these provisions by special resolution.

Further, the Companies Act 2006 states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Companies Act 2006, are treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 7.1 confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

2. Articles which duplicate statutory provisions
Provisions in the Current Articles which replicate provisions contained in the Companies Act 2006 are in the main amended to bring them into line with the Companies Act 2006.

3. Change of name
Under the Companies Act 1985, a company could only change its name by special resolution. Under the Companies Act 2006, a company will be able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the directors to pass a resolution to change the Company's name.

4. Authorised share capital and unissued shares
The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006, save in respect of employee share schemes.

5. Redeemable shares
Under the Companies Act 1985, if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption. The Companies Act 2006 enables directors to determine such matters instead provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the directors would need shareholders' authority to issue new shares in the usual way.

6. Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital
Under the Companies Act 1985, a company required specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the Companies Act 2006, a company will only require shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Accordingly, the relevant enabling provisions have been removed in the New Articles.

Directors' Report

continued

Articles of Association *(continued)*

7. Suspension of registration of share transfers

The Current Articles permit the directors to suspend the registration of transfers. Under the Companies Act 2006 share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

8. Vacation of office by directors

The Current Articles specify the circumstances in which a director must vacate office. The New Articles update these provisions to reflect the approach taken on mental and physical incapacity in the model articles for public companies produced by the Department for Business, Innovation and Skills.

9. Voting by proxies on a show of hands

The Shareholders' Rights Regulations have amended the Companies Act 2006 so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The Current Articles have been amended to reflect these changes.

10. Voting by corporate representatives

The Shareholders' Rights Regulations have amended the Companies Act 2006 in order to enable multiple representatives appointed by the same corporate member to vote in different ways on a show of hands and a poll. The New Articles rely on the provisions dealing with voting by corporate representatives which are contained in the Companies Act 2006.

11. General

Generally, the opportunity has been taken to bring clearer language into the New Articles and to make minor or technical changes and in some areas to conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Innovation and Skills.

Provision of information to 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 s418 of the Companies Act 2006.

Auditors
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

22 April 2010

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. 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. Company law requires the Directors to prepare such financial statements in accordance with IFRS and the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 adequate accounting records that are sufficient to show and explain the Company's transactions and which disclose with reasonable accuracy at any time the financial position of the Company, and to enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 financial statements of Richoux Group plc for the period ended 27 December 2009 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of changes in equity, the consolidated and company statements of financial position, the consolidated and company statements of cash flows, and the related notes. The financial framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters which 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 this report, or the opinions we have formed.

Respective Responsibilities of Directors and Auditors
As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on Financial Statements
In our opinion:

- the financial statements give a true and fair view of the Group's and parent company's affairs as at 27 December 2009 and of the Group's loss for the period then ended;

- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' Report

continued

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Jonathan Munday
(Senior statutory auditor)
For and on behalf of Rees Pollock, Statutory Auditor
London

22 April 2010

Consolidated Statement of Comprehensive Income

for the 52 week period ended 27 December 2009

	Note	52 week period ended 27 December 2009 Total £000	52 week period ended 28 December 2008 Total £000
Continuing operations:			
Revenue	4	**5,024**	5,557
Cost of sales:			
Excluding pre-opening costs		**(4,791)**	(5,132)
Pre-opening costs		**(93)**	(42)
Total cost of sales		**(4,884)**	(5,174)
Gross profit		**140**	383
Administrative expenses		**(439)**	(688)
Other operating income		**(1)**	(1)
Operating loss before impairment and onerous lease provision		**(300)**	(306)
Impairment of property, plant and equipment	16	**(869)**	(1,672)
Impairment of goodwill	15	**–**	(91)
Impairment of other intangible assets	15	**(1)**	(62)
Onerous lease provision	3, 22	**(400)**	–
Operating loss		**(1,570)**	(2,131)
Finance income	10	**53**	255
Finance expense	11	**(2)**	(2)
Loss before taxation	6	**(1,519)**	(1,878)
Taxation	12	**–**	–
Loss for the period from continuing operations		**(1,519)**	(1,878)
Profit for the period from discontinued operations	5	**2**	10
Loss and total comprehensive loss for the period		**(1,517)**	(1,868)
Loss and total comprehensive loss attributable to equity holders of the parent		**(1,517)**	(1,868)
Loss and total comprehensive loss per share:			
From continuing operations:			
Loss per share	14	**(3.6)p**	(4.5)p
Diluted loss per share	14	**(3.6)p**	(4.5)p
From continuing and discontinued operations:			
Loss per share	14	**(3.6)p**	(4.5)p
Diluted loss per share	14	**(3.6)p**	(4.5)p

Consolidated and Company Statement of Changes in Equity

for the 52 week period ended 27 December 2009

	Share Capital £000	*Share premium account £000*	*Warrants reserve £000*	*Profit and loss account £000*	*Total £000*
Group					
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
Loss for the period	–	–	–	(1,517)	(1,517)
Credit to equity for equity settled share based payments	–	–	–	48	48
At 27 December 2009	**1,681**	**10,335**	**–**	**(7,516)**	**4,500**

	Share Capital £000	*Share premium account £000*	*Warrants reserve £000*	*Profit and loss account £000*	*Total £000*
Company					
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
Loss for the period	–	–	–	(1,262)	(1,262)
Credit to equity for equity settled share based payments	–	–	–	48	48
At 27 December 2009	**1,681**	**10,335**	**–**	**(8,564)**	**3,452**

Company registered number: 03517191

Consolidated and Company Statement of Financial Position

at 27 December 2009

		Group		Company	
		2009	2008	**2009**	2008
	Note	**£000**	£000	**£000**	£000
Assets					
Non-current assets					
Goodwill	15	**234**	234	–	–
Other intangible assets	15	**40**	44	**18**	22
Property, plant and equipment	16	**1,696**	2,325	**13**	805
Investment property	16	**787**	–	**787**	–
Investments in subsidiaries and joint ventures	18	–	–	**1,516**	1,546
Trade and other receivables	20	**11**	–	**11**	–
Total non-current assets		**2,768**	2,603	**2,345**	2,373
Current assets					
Inventories	19	**94**	80	–	–
Trade and other receivables	20	**327**	463	**394**	41
Assets held for sale	17	**126**	–	–	–
Cash and cash equivalents		**2,959**	4,375	**2,872**	4,308
Total current assets		**3,506**	4,918	**3,266**	4,349
Total assets		**6,274**	7,521	**5,611**	6,722
Liabilities					
Current liabilities					
Trade and other payables	21	**(1,293)**	(1,545)	**(2,159)**	(2,056)
Liabilities associated with assets held for sale	17	**(34)**	–	–	–
Provisions	22	**(400)**	–	–	–
Total current liabilities		**(1,727)**	(1,545)	**(2,159)**	(2,056)
Non-current liabilities					
Trade and other payables	21	**(47)**	(7)	–	–
Total liabilities		**(1,774)**	(1,552)	**(2,159)**	(2,056)
Net assets		**4,500**	5,969	**3,452**	4,666
Capital and reserves					
Share capital	25	**1,681**	1,681	**1,681**	1,681
Share premium account		**10,335**	10,335	**10,335**	10,335
Retained earnings		**(7,516)**	(6,047)	**(8,564)**	(7,350)
Total equity		**4,500**	5,969	**3,452**	4,666

These financial statements were approved by the board of Directors and authorised for issue on 22 April 2010 and were signed on its behalf by:

Salvatore Diliberto

Director

Consolidated and Company Statement of Cash Flows

for the 52 week period ended 27 December 2009

		Group		Company	
	Note	**52 week period ended 27 December 2009 £000**	52 week period ended 28 December 2008 £000	**52 week period ended 27 December 2009 £000**	52 week period ended 28 December 2008 £000
Operating activities					
Cash (used in)/generated from operations	28	**(152)**	722	**(1,485)**	(174)
Interest paid		**(2)**	(2)	**(1)**	(2)
Net cash (used in)/from operating activities		**(154)**	720	**(1,486)**	(176)
Investing activities					
Purchase of property, plant and equipment		**(1,395)**	(2,100)	**2**	(1,169)
Investment in joint venture		**–**	–	**–**	(30)
Purchase of intangible fixed assets		**(9)**	(45)	**–**	(23)
Net proceeds from sale of property, plant and equipment		**89**	10	**(5)**	–
Interest received		**53**	255	**53**	254
Net cash (used in)/from investing activities		**(1,262)**	(1,880)	**50**	(968)
Net decrease in cash and cash equivalents		**(1,416)**	(1,160)	**(1,436)**	(1,144)
Cash and cash equivalents at beginning of the period		**4,375**	5,535	**4,308**	5,452
Cash and cash equivalents at the end of the period		**2,959**	4,375	**2,872**	4,308

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 4.

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

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 principal accounting policies are set out below.

During the period IAS 1 has been adopted ahead of the mandatory date which has resulted in certain presentational changes, including the adoption of a single statement of comprehensive income and the inclusion of a statement of changes in equity as a primary statement. There have been no changes to the underlying figures as a result of the adoption of the standard.

In addition the following Standards and Interpretations were adopted in the period:

		Effective date
Amendment to IAS 39 and IFRIC 9	Reassessment of embedded derivatives	Accounting periods ending on or after 30 June 2009
IFRIC 16	Hedges of a net investment in a foreign operation	Accounting periods beginning on or after 1 October 2008
IFRIC 13	Customer loyalty programs	Accounting periods beginning on or after 1 July 2008
IFRIC 12	Service concession arrangements	Accounting periods beginning on or after 1 January 2008
IFRIC 14	IAS – 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction	Accounting periods beginning on or after 1 January 2008

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:

		Effective date
IFRS 9	Financial instruments	Accounting periods beginning on or after 1 January 2013
Revised IAS 24	Related party transactions	Accounting periods beginning on or after 1 January 2011
Amendment to IFRIC 14	Prepayment of minimum funding requirements	Accounting periods beginning on or after 1 January 2011
IFRIC 19	Extinguishing financial instruments with equity instruments	Accounting periods beginning on or after 1 July 2010
Amendment to IFRS 2	Group settled share-based payment transactions	Accounting periods beginning on or after 1 January 2010
Amendment to IFRS 1	Additional exemptions for first time adopters	Accounting periods beginning on or after 1 January 2010
Amendment to IAS 32	Classification of rights issues	Accounting periods beginning on or after 1 January 2010
Revised IFRS 1	First-time adoption of International Financial Reporting Standards	Accounting periods beginning on or after 1 July 2009

Notes

continued

2 Accounting policies *(continued)*

Basis of preparation *(continued)*

		Effective date
IFRIC 18	Transfers of assets from customers	Accounting periods beginning on or after 1 July 2009
IFRIC 17	Distribution of non-cash assets to owners	Accounting periods beginning on or after 1 July 2009
Amendment to IAS 39	Financial instruments: recognition and measurement – eligible hedged items	Accounting periods beginning on or after 1 July 2009
Amendment to IAS 27	Consolidated and separate financial statements	Accounting periods beginning on or after 1 July 2009
Amendment to IFRS 3	Business combinations	Accounting periods beginning on or after 1 July 2009
IFRIC 15	Agreements for the construction of real estate	Accounting periods beginning on or after 1 January 2009
Amendment to IAS 32	Financial instruments: presentation	Accounting periods beginning on or after 1 January 2009
Amendment to IAS 1	Presentation of financial statements – puttable financial instruments and obligations arising on liquidation	Accounting periods beginning on or after 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	Accounting periods beginning on or after 1 January 2009
Amendment to IFRS 2	Share based payments – vesting conditions and cancellations	Accounting periods beginning on or after 1 January 2009
IFRS 8	Operating segments	Accounting periods beginning on or after 1 January 2009
Amendment to IAS 23	Borrowing costs	Accounting periods beginning on or after 1 January 2009
Amendment to IFRS 7	Improving disclosures about financial instruments	Accounting periods beginning on or after 1 January 2009

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 27 December 2009. 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 are included in the consolidated profit and loss account from the date of acquisition up to the date of disposal. The Group's interest in jointly controlled entities is 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. The aquiree'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.

2 Accounting policies *(continued)*

Goodwill

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.

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:

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.

The Directors are of the opinion that there is no material difference between the fair value and the carrying amount of the short leasehold land and buildings.

Notes

continued

2 Accounting policies *(continued)*

Investment property

Investment property, currently comprising freehold land and buildings, is held for long term rental yields and is not occupied by the Group. Investment property is initially measured at cost, comprising the purchase price and directly attributable costs. Transfers to or from investment property are made only where there is a clearly evidenced change in use. The carrying amount of the investment property is not altered by such transfers. Investment property is subsequently measured at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on the same rates stated above for property plant and equipment and, as investment property currently comprises only freehold land and buildings, no depreciation is currently charged against investment property.

The Directors are of the opinion that there is no material difference between the fair value and the carrying amount of the investment property.

Impairment of tangible and intangible assets excluding goodwill

At each statement of financial position 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 indefinite 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 reflects 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.

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. 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.

2 Accounting policies *(continued)*

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 statement of financial position 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 statement of financial position 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.

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.

Notes

continued

2 Accounting policies *(continued)*

Revenue recognition *(continued)*

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.

Rental income receivable under the operating sublease/lease 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 statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position 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 makes 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 15.

3 Critical accounting judgements and key sources of estimation uncertainty *(continued)*

- The estimated impairment of other intangible and tangible fixed assets – determining whether intangible and 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 notes 15 and 16.

- 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 26.

- 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.

- Onerous lease provision – the Group has made estimates of the costs of surrender of its leasehold interest in the Richoux restaurant in High Wycombe, based on the estimated time to surrender and estimated surrender premium payable, following the decision not to continue with this site. If this estimate is incorrect it may mean that the provision charged in the period is too high or too low.

4 Revenue

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

	2009	*2008*
	£000	*£000*
Continuing operations:		
Sale of goods	**5,024**	5,557
Revenue in the income statement	**5,024**	5,557
Franchise fee income	**–**	–
Sublease/lease rental income	**180**	143
Investment income	**53**	255
	5,257	5,955

5 Segment reporting

The Group has a single business segment, being restaurants. There are no geographical segments.

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.

The Group sublets part of one of its leased properties and its freehold property and receives sublease/lease payments from third parties. In addition the Group sublet one of its properties and received sublease payments from its joint venture, this property has now been assigned by the Group to a third party.

In addition the Group also received 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. This has now ceased.

The profit from discontinued operations arose on the payment of deferred consideration due on the sale of the business and assets of the Group's bakery in the period ended 25 June 2006; a provision had been made in 2006 against the deferred consideration.

Notes

continued

6 Loss on ordinary activities before taxation

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

	2009	*2008*
	£000	*£000*
Auditors' fees (note 7)	**37**	36
Staff costs (note 9)	**1,960**	2,299
Cost of inventories recognised as an expense	**1,080**	1,138
Exchange gains	**(16)**	(10)
Amortisation of intangible assets	**9**	18
Depreciation of property, plant and equipment	**261**	324
Impairment of property, plant and equipment	**869**	1,672
Impairment of goodwill	**–**	91
Impairment of other intangible assets	**1**	62
Onerous lease provision	**400**	–
Net profit on disposal of property, plant and equipment	**(76)**	–
Hire of plant and machinery – rentals payable under operating leases	**28**	30
Hire of other assets – rentals payable under operating leases	**941**	863

Total administrative expenses are £1,709,000 (*2008: £2,513,000*).

7 Auditors' fees

The analysis of the auditors' remuneration is as follows:

	2009	*2008*
	£000	*£000*
Audit services		
Fees payable to the Parent Company Auditor for the audit of the Company and consolidated financial statements	**10**	16
Fees payable to the Company Auditor and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	**15**	13
Total audit fees	**25**	29
Non-audit services		
Tax services	**10**	7
Other services	**2**	–
Total non-audit fees	**12**	7
	37	36

Fees payable to Rees Pollock and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

8 Key management compensation and remuneration of Directors

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

Philip Shotter
James Rhodes
Salvatore Diliberto

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 29 December 2008 to 27 December 2009, key management personnel comprised an average of three people.

8 Key management compensation and remuneration of Directors *(continued)*

	2009	2008
	£000	£000
Salaries – executive Directors	**105**	158
Fees – non-executive Directors	**40**	38
	145	196

Details of Directors' interests over shares in Richoux Group plc, including share options that they hold, are contained in the Directors' Report. No Director exercised any share options during the period (*2008: none*).

Highest paid Director

The emoluments of the highest paid Director are as follows:

	2009	2008
	£000	£000
Emoluments	**105**	102

9 Staff numbers and costs

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

	Group		Company	
	2009	2008	**2009**	2008
Continuing operations:				
Head office	**8**	6	**8**	6
Operations	**109**	123	**–**	–
	117	129	**8**	6

The aggregate payroll costs of these persons were as follows:

	2009	2008	**2009**	2008
	£000	£000	**£000**	£000
Continuing operations:				
Wages and salaries	**1,794**	2,104	**271**	335
Social security costs	**162**	191	**31**	38
Contributions to personal defined contribution pension schemes	**4**	4	**–**	–
	1,960	2,299	**302**	373

Pension contributions were made to private individual schemes.

10 Finance income

	2009	2008
	£000	£000
Bank interest	**53**	254
Other interest	**–**	1
	53	255

Notes

continued

11 Finance expense

	2009 £000	2008 £000
Other interest	**2**	2

12 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:

	2009 £000	2008 £000
Loss before tax:		
Continuing operations	**(1,519)**	(1,878)
Discontinued operations	**2**	10
	(1,517)	(1,868)
UK corporation tax at 28% (*2008: 28%*) on Group loss before tax	**(425)**	(523)
Timing differences relating to tangible fixed assets	**(27)**	283
Expenses not deductible for tax purposes	**117**	49
Depreciation on assets on which no capital allowances claimed	**123**	191
Tax losses carried forward	**212**	–
Total current tax charge	**–**	–

(b) Factors that may affect future tax charges

The Group has unprovided deferred tax assets as are more fully disclosed in note 24.

13 Richoux Group plc – profit and loss account

The Company has taken advantage of the exemption allowed by section 408 of the Companies Act 2006 from presenting its own profit and loss account. The Company made a loss of £1,262,000 for the period *(2008: £2,058,000)*.

14 Loss per share

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

	2009	*2008*
	£000	*£000*
Loss		
Loss from continuing operations for the purpose of basic loss per share excluding discontinued operations	**(1,519)**	(1,878)
Profit from discontinued operations	**2**	10
Loss for the purposes of basic loss per share being the net profit attributable to equity holders of the parent	**(1,517)**	(1,868)
Number of shares		
Weighted average number of ordinary shares for the purposes of the basic loss per share	**42,019,612**	42,019,612
Effect of dilutive potential ordinary shares:		
Share options and warrants	**4,183**	–
Weighted average number of ordinary shares for the purposes of diluted loss per share	**42,023,795**	42,019,612
Share options and warrants not included in the diluted calculations as per the requirements of IAS 33 (as they are anti-dilutive)	**2,668,657**	2,082,840
Basic (loss)/profit per share:		
From total operations	**(3.6)p**	(4.5)p
From continuing operations	**(3.6)p**	(4.5)p
From discontinued operations	**0.0p**	0.0p
Diluted (loss)/profit per share:		
From total operations	**(3.6)p**	(4.5)p
From continuing operations	**(3.6)p**	(4.5)p
From discontinued operations	**0.0p**	0.0p

Notes

continued

15 Intangible fixed assets

Group	*Goodwill* £000	*Trademarks* £000	*Software* £000	*Total* £000
Cost				
At 30 December 2007	325	1	80	406
Additions	–	2	43	45
At 28 December 2008	325	3	123	451
Additions	–	–	9	9
Disposals	–	(2)	(81)	(83)
Transfer current assets held for sale (note 17)	(56)	–	–	(56)
At 27 December 2009	269	1	51	321
Accumulated amortisation and impairment				
At 30 December 2007	–	–	2	2
Charge for the period	–	–	18	18
Impairment	91	–	62	153
At 28 December 2008	91	–	82	173
Charge for the period	–	–	9	9
Impairment	–	–	1	1
Disposal	–	–	(80)	(80)
Transfer current assets held for sale (note 17)	(56)	–	–	(56)
At 27 December 2009	35	–	12	47
Carrying amount				
At 27 December 2009	**234**	**1**	**39**	**274**
At 28 December 2008	234	3	41	278

Impairment testing of goodwill and intangible fixed assets

Goodwill of £269,000 (*2008: £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 (*2008: £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 2010, and forecasts to 27 December 2015 based on an EBITDA growth rate of 2 per cent for the Richoux CGUs and 20 per cent reducing to 2 per cent for the new Zippers CGUs. The discount rate applied to cash flow projections is 12 per cent.

In the period an impairment charge of £1,000 has been recognised in relation to the software of one of the CGUs that comprise the Richoux business following the decision to close this unit (*2008: an impairment charge of £35,000 was recognised in relation to the goodwill of one of the CGUs that comprise the Richoux business and impairment charges of £56,000 and £62,000 were recognised in relation to the goodwill and software respectively of the Amato business following the decision to discontinue this brand*).

15 Intangible fixed assets *(continued)*

Company	***Software £000***
Cost	
At 30 December 2007	–
Additions	23
At 28 December 2008	23
Additions	–
At 27 December 2009	23
Accumulated amortisation	
At 30 December 2007	–
Charge for the period	1
At 28 December 2008	1
Charge for the period	4
At 27 December 2009	5
Carrying amount	
At 27 December 2009	**18**
At 28 December 2008	22

There is no impairment provision required for the Company (*2008: £nil*).

Notes

continued

16 Property, plant and equipment

Group	*Investment property £000*	*Short leasehold land and buildings £000*	*Leasehold improvements £000*	*Fixtures fittings, and equipment £000*	*Motor Vehicles £000*	*Total £000*
Cost						
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
Additions	(3)	885	–	513	–	1,395
Disposals	–	(238)	–	(371)	(4)	(613)
Transfer to assets held for sale (note 17)	–	(519)	–	(424)	–	(943)
At 27 December 2009	1,153	3,444	17	1,226	–	5,840
Accumulated depreciation and impairment						
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
Charge for period	–	122	–	139	–	261
Impairment	(3)	480	–	392	–	869
Disposals	–	(231)	–	(365)	(4)	(600)
Transfer to assets held for sale (note 17)	–	(446)	–	(403)	–	(849)
At 27 December 2009	366	2,053	17	921	–	3,357
Carrying amount						
At 27 December 2009	**787**	**1,391**	**–**	**305**	**–**	**2,483**
At 28 December 2008	787	1,188	–	350	–	2,325

During the period the freehold property was transferred to investment property.

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 2010, and forecasts to 27 December 2015 based on an EBITDA growth rate of 2 per cent for the Richoux CGUs and 20 per cent reducing to 5 per cent for the new Zippers CGU. The discount rate applied to cash flow projections is 12 per cent.

In the period an impairment charge of £869,000 has been recognised relating to the unrecoverable elements of assets relating to the Richoux restaurants in High Wycombe and Old Compton Street following the decision to close these restaurants (*2008: an impairment charge of £944,000 was recognised relating to the unrecoverable elements of assets relating to the three Amato CGUs following the decision to discontinue this brand, an impairment charge of £518,000 was recognised relating to the unrecoverable elements of the refurbishment and fixtures and fittings of the investment property following the decision not to proceed with the Central Kitchen, and an impairment charge of £210,000 was recognised relating to the unrecoverable elements of assets relating to one Richoux CGU based on the forecast value in use*).

16 Property, plant and equipment *(continued)*

Company

	Investment property £000	***Fixtures, fittings and equipment £000***	***Total £000***
Cost			
At 30 December 2007	–	20	20
Additions	1,156	13	1,169
At 28 December 2008	1,156	33	1,189
Additions	(3)	1	(2)
At 27 December 2009	1,153	34	1,187
Accumulated depreciation and impairment			
At 30 December 2007	–	11	11
Charge for period	–	4	4
Impairment	369	–	369
At 28 December 2008	369	15	384
Charge for period	–	6	6
Impairment	(3)	–	(3)
At 27 December 2009	366	21	387
Carrying value			
At 27 December 2009	**787**	**13**	**800**
At 28 December 2008	787	18	805

There is no impairment provision required in the Company (*2008: an impairment charge of £369,000 was recognised relating to the unrecoverable elements of the refurbishment of the investment property following the decision not to proceed with the Central Kitchen*).

Notes

continued

17 Assets held for sale

During the period the Group closed its restaurant in Old Compton Street and the assets and liabilities of this restaurant have been classified as held for sale. The major classes of assets and liabilities classified as assets and liabilities held for sale are as follows:

	£000
Group	
Goodwill – cost	56
Goodwill – impairment	(56)
Short leasehold land and buildings – cost	519
Short leasehold land and buildings – accumulated depreciation and impairment	(446)
Fixtures, fittings and equipment – cost	424
Fixtures, fittings and equipment – accumulated depreciation and impairment	(403)
Trade and other receivables	32
Total assets classified as held for sale	126
Trade and other payables	(34)
Total liabilities associated with assets classified as held for sale	(34)

18 Investments in subsidiaries and joint ventures

Company	***£000***
Cost	
At 30 December 2007	2,707
Investment in joint venture	30
At 28 December 2008	2,737
Disposal of joint venture	(30)
At 27 December 2009	
	2,707
Accumulated impairment	
At 30 December 2007, 28 December 2008 and 27 December 2009	1,191
Carrying value	
At 27 December 2009	**1,516**
At 28 December 2008	1,546

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.

18 Investments in subsidiaries and joint ventures *(continued)*

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 Company subsequently disposed of its interest in the joint venture on 22 May 2009 and the fair value of the share capital of the company was:

	Book value at date of disposal *£000*
Group	
Non-current assets	14
Current assets	9
Current liabilities	(14)
Net Assets	9
Loan written off on disposal	5
Loss on disposal	14

	Book value at date of disposal *£000*
Company	
Value of investment in Suzu Limited	30
Loan written off on disposal	5
Loss on disposal	35

The following amounts represent the Group's 50 per cent share of the sales and results of the joint venture up to the date of disposal. They are included in the income statement.

	2009 ***£000***	*2008* *£000*
Revenue	**27**	1
Expenses	**(41)**	(7)
Loss after taxation	**(14)**	(6)

19 Inventories

	Group	
	2009 ***£000***	*2008* *£000*
Finished goods and goods for resale	**41**	13
Raw material and consumables	**53**	67
	94	80

The Company statement of financial position contains no inventories (*2008: £nil*).

Notes

continued

20 Trade and other receivables

	Group		Company	
	2009	*2008*	***2009***	*2008*
	£000	*£000*	***£000***	*£000*
Non-current assets				
Prepayments and accrued income	**11**	–	**11**	–
Current assets				
Trade debtors	**17**	39	**14**	–
Amounts owed by Group undertakings	**–**	–	**364**	1
Other debtors	**16**	17	**2**	–
Prepayments and accrued income	**294**	407	**12**	24
Taxation and social security	**–**	–	**2**	16
	327	463	**394**	41

21 Trade and other payables

	Group		Company	
	2009	*2008*	***2009***	*2008*
	£000	*£000*	***£000***	*£000*
Current liabilities				
Trade payables	**681**	674	**14**	39
Taxation and social security	**104**	140	**9**	8
Other creditors	**353**	546	**86**	201
Accruals and deferred income	**155**	185	**26**	13
Amounts owed to Group undertakings	**–**	–	**2,024**	1,795
	1,293	1,545	**2,159**	2,056
Non-current liabilities				
Accruals and deferred income	**47**	7	**–**	–

22 Provisions

	Onerous lease provision
	£000
At 30 December 2007 and 28 December 2008	**–**
Provision in the period	**(400)**
At 27 December 2009	**(400)**

The onerous lease provision represents the Director's best estimate of the costs of surrender of its leasehold interest in the Richoux restaurant in High Wycombe, based on the estimated time to surrender and estimated surrender premium payable, following the decision not to continue with this site. The Company statement of financial position contains no provisions (*2008: £nil*).

23 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, deposits repayable on demand and amounts receivable on credit card transactions, less overdrafts payable on demand.

23 Financial instruments *(continued)*

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.

Trade payables

Trade payables 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 statement of financial position date there were no overdue trade receivables (*2008: £nil*), and the value of the Groups credit risk exposure at the statement of financial position date was as follows:

	Group		***Company***	
	2009	*2008*	***2009***	*2008*
	£000	*£000*	***£000***	*£000*
Trade debtors	**17**	39	**14**	–
Credit card transactions – included in cash and cash equivalents	**48**	56	–	–
Other debtors	**16**	17	–	–
	81	112	**14**	–

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.

Notes

continued

23 Financial instruments *(continued)*

Interest rate risk *(continued)*

The Group and Company has £1,000,000 at an interest rate of 1.50 per cent which matures within six months held on a fixed rate bond, and £500,000 at an interest rate of 0.90 per cent held on a 60 day notice account with its bankers (*2008: £3,000,000 at a weighted average interest rate of 4.04 per cent maturing within one month and £500,000 at a weighted average interest rate of 2.66 per cent maturing within two months held on treasury deposit*).

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.

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 statement of financial position date the assets and liabilities of the Group denominated in Euros were as follows:

	Group		***Company***	
	2009	*2008*	***2009***	*2008*
	£000	*£000*	***£000***	*£000*
Prepayments and accrued income	–	90	–	–
Trade payables	–	(5)	–	–
Other creditors	–	(115)	–	–
	–	(30)	–	–

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 period ended 30 December 2007 and the Group plans to utilise the cash for the expansion of the Richoux and Zippers brands.

24 Deferred taxation

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

	Unprovided	
	2009	*2008*
	£000	£000
Timing differences relating to fixed assets	**(424)**	(424)
Other timing difference	**(806)**	(806)
	(1,230)	(1,230)

Other timing differences relate to tax losses of £2,879,000 *(2008: £2,879,000)* carried forward as at 27 December 2009. 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.

24 Deferred taxation *(continued)*

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 (*2008: £617,000)*, which give rise to unprovided deferred tax assets of £173,000 *(2008: £173,000).*

25 Share capital

The share capital of the Company is shown below:

	Number	*£000*
Shares classed as equity		
Authorised		
Ordinary shares of 4 pence as at 30 December 2007, 28 December 2008 and 27 December 2009	102,512,500	4,101
Allotted, called up and fully paid		
Ordinary shares of 4 pence as at 30 December 2007, 28 December 2008 and 27 December 2009	42,019,612	1,681

At 27 December 2009, options in respect of 2,672,840 (*2008: 2,082,*840) ordinary shares were outstanding (including 1,100,000 (*2008: 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
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
P Shotter option scheme			
10 December 2010	9 pence	150,000	3-10
EMI option scheme			
10 December 2010	9 pence	940,000	3-10

Notes

continued

26 Share based payments

Group	*2009*	*2008*
	£000	*£000*
Share based payment expense	**48**	121

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	***2009***		*2008*	
	Weighted average exercise price per share Pence	***Options Number***	*Weighted average exercise price per share Pence*	*Options Number*
Outstanding at start of period	**29**	**2,082,840**	31	2,516,840
Granted	**9**	**1,090,000**	–	–
Exercised	–	–	–	–
Forfeited	**(17)**	**(500,000)**	(2)	(434,000)
Outstanding at end of period	**21**	**2,672,840**	29	2,082,840
Exercisable at end of the period	**54**	**67,125**	54	67,125

The fair value of options granted during the period to 27 December 2009 was £45,000 (*2008: £nil*).

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 52 week period to 27 December 2009 were:

Grant date	December 2009
Share price at grant date (pence)	9p
Exercise price (pence)	9p
Number of employees	14
Shares under option	1,090,000
Vesting period (years)	3 years
Expected volatility (expressed as a standard deviation of expected share price returns)	46.15%
Expected option life (years)	5 years
Expected dividend yield	Nil
Risk free interest rate (based on national Government bonds) (%)	4.01%
Fair value per option (pence)	4.09p

The expected volatility estimate was based on the average of the share price on the first day of each month from December 2004 to December 2009.

26 Share based payments *(continued)*
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.

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 £nil *(2008: £600,000).*

(b) At the statement of financial position 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***	
	2009	*2008*	***2009***	*2008*
	£000	*£000*	***£000***	*£000*
Operating leases due:				
Within one year	**795**	893	**21**	25
In the second to fifth years inclusive	**3,291**	3,782	**2**	23
Over five years	**5,852**	7,532	**–**	–
	9,938	12,207	**23**	48

The Group subleases part of one of its leased properties and receives sublease payments from third parties. In addition the Group subleased one of its leased properties to its joint venture from which it received sublease payments up to the date of disposal. The Group also leases its freehold property to a third party from which it receives lease payments. The future minimum sublease/lease payments expected to be received under non-cancellable sublease/lease agreements are:

Group	***Land and buildings***		***Other***	
	2009	*2008*	***2009***	*2008*
	£000	*£000*	***£000***	*£000*
Operating sublease/lease due:				
Within one year	**185**	187	**–**	–
In the second to fifth years inclusive	**713**	749	**–**	–
Over five years	**427**	890	**–**	–
	1,325	1,826	**–**	–

Company	***Other***	
	2009	*2008*
	£000	*£000*
Operating leases due:		
Within one year	**1**	1
In the second to fifth years inclusive	**–**	1
	1	2

Notes

continued

28 Reconciliation of operating loss to operating cash flows

	Group		Company	
	2009	*2008*	***2009***	*2008*
	£000	*£000*	***£000***	*£000*
Operating loss – continuing	**(1,570)**	(2,131)	**(1,314)**	(2,310)
(Profit)/loss on disposal of property, plant and equipment	**(76)**	–	**35**	–
Depreciation charge	**261**	324	**6**	4
Amortisation charge	**9**	18	**4**	1
Impairment of intangible fixed assets	**1**	153	–	–
Impairment of tangible fixed assets	**869**	1,672	**(3)**	369
(Increase)/decrease in stocks	**(14)**	8	–	–
Decrease/(increase) in debtors	**84**	(36)	**(364)**	778
Increase in creditors	**236**	593	**103**	863
Equity settled share based payments	**48**	121	**48**	121
Net cash (outflow)/inflow from operating activities	**(152)**	722	**(1,485)**	(174)

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 prior period the Company lent some of its assets free of charge to its joint venture, Suzu Limited, until the date of the disposal of the joint venture. At the date of disposal Suzu Limited surrendered its sublease in one of the Group' properties and the Group disposed of its interest in the share capital of Suzu Limited.

During the period the Group paid fees of £34,000 (*2008: £33,000*) to Glovers Solicitors LLP of which Philip Shotter is a member. As at the end of the period £8,000 was outstanding (*2008: £19,*000). This is in addition to fees included as Director's emoluments.

The Group has a group VAT registration and the representative Company, Richoux Group plc, pays the net VAT for the Group.

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 statement of financial position date the value of these transactions was as follows:

	2009	*2008*
	£000	*£000*
Gross amounts owed by Group undertakings – Newultra Limited	**5,856**	4,765
Gross amounts owed by Group undertakings – Bridgedon Limited	**207**	209
Provision – Newultra Limited	**(5,492)**	(4,764)
Provision – Bridgedon Limited	**(207)**	(209)
Net amounts owed by Group undertakings – Newultra Limited (note 20)	**364**	1
Net amounts owed by Group undertakings – Bridgedon Limited (note 20)	–	–
Amounts owed to Group undertakings – Richoux Limited (note 21)	**(2,011)**	(1,782)
Amounts owed to Group undertakings – NGS Finance Limited (note 21)	**(13)**	(13)

During the period a provision of £726,000 (*2008: £1,268,000*) was made against amounts due from Group undertakings.

29 Related party transactions *(continued)*

Transactions with Directors

Transactions with Directors are as follows:

Group and Company	***2009***	*2008*
	£000	*£000*
Short term employee benefits	**145**	196
Share based payments	**37**	74
	182	270

30 Post balance sheet events

On the 28 January 2010 the Group sold its restaurant in Old Compton Street for £100,000 (net of costs). On the 29 March 2010 the Group signed a new twenty year lease for a new restaurant in Chatham, Kent at a rent of £30,000 per annum, and on 21 April 2010 the Group signed a new fifteen year lease for a new restaurant in Andover, Hampshire at a rent of £60,000 per annum.

Notice of Annual General Meeting

Notice is given that the annual general meeting of Richoux Group plc will be held at Richoux, 3 Circus Road, St John's Wood, London, NW8 6NY on Tuesday, 22 June 2010 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 27 December 2009 be received and adopted.

2. THAT Salvatore Diliberto 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 Resolution

4. THAT the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ("the Act") to exercise all powers of the Company to allot any shares in the Company and grant rights to subscribe for or convert any security into shares in the Company:

   4.1. up to an aggregate maximum nominal amount of £595,900; and

   4.2. in addition to the authority referred to in paragraph 4.1, up to a further maximum aggregate nominal amount of £595,900 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 27 June 2011, 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.

Special Resolutions

5. THAT:

5.1. the Directors be granted power pursuant to section 571(1) of the Act to allot equity securities (within the meaning of section 560 of the Act) wholly for cash pursuant to the authority conferred on them by resolution 4 above as if section 561 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 £178,770

and shall expire on 27 June 2011 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 Companies Act 1985 be revoked provided that such revocation shall not have retrospective effect.

6. THAT the Company is, pursuant to section 701 of the Act, hereby generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) 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;

Notice of Annual General Meeting

continued

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 with immediate effect:

7.1. the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association, which, by virtue of section 28 of the Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and

7.2. the Articles of Association produced to the meeting and initialled by the chairman for the purposes of identification be adopted 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

20 May 2010

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 20 June 2010 (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 20 June 2010 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, PXS, 34 Beckenham Road, Beckenham, 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.

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. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

7. 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.

8. 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.

Notice of Annual General Meeting

continued

9. 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, PXS, 34 Beckenham Road, Beckenham, 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.

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 am on Tuesday, 22 June 2010 at Richoux, 3 Circus Road, St John's Wood, London, NW8 6NY, 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 27 December 2009.				
2 To reappoint Salvatore Diliberto as a Director.				
3 To appoint the auditors and to authorise the Directors to fix their remuneration.				
4 To authorise the Directors to allot shares under section 551 of the Companies Act 2006.				

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 2010

Notes:

1. 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.
2. 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.
3. 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.
4. To be valid this form of proxy must be completed and lodged with the Registrars of the Company, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, 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.
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. 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".
7. 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.
8. 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.
9. 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.
10. 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 20 June 2010 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.
11. 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.

Please return using addressed envelope supplied

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